



No more 'clean' states as organised crime goes global

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The perfumes men want their women to wear

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# FT

## FINANCIAL TIMES

DECEMBER 19 / DECEMBER 20 1998



Rat routine: dealing with rodents in the house

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Digging under the house as a cure for a bad back

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### Loyalists set pace with Ulster arms move

By John Murray Brown in Dublin

The Loyalist Volunteer Force yesterday became the first paramilitary group in Northern Ireland to start dismantling its armoury.

At a Belfast workshop next to the office of General John de Chastelain's international decommissioning body, two ordnance experts from the US and Canada oversaw the destruction of the first batch of terrorist arms.

The significance of the event was underlined by the decision to allow TV cameras to witness the grinder systematically mincing an assortment of guns, as the debris fell into a plastic bucket below.

"Something which so many people told us would never happen has in fact happened. We have seen actual decommissioning take place; we have seen it run smoothly, thus demonstrating how it can be done and how easy it is to be done," said David Trimble, the province's first minister and Ulster Unionist leader.

Turning the spotlight back on the IRA, Mr Trimble said its refusal to decommission was "the only impediment to progress and to Sinn Féin taking its part in the new executive".

Republicans will probably be wary of the LVF, which only a year ago was involved in a sectarian killing spree to avenge the murder of their leader Billy Wright, or King Rat as he was known.

Bertie Ahern, Irish prime minister, yesterday welcomed the move as "very significant", but he declined to call on the IRA to match it.

He indicated that Mr Trimble might be prepared to allow Sinn Féin into the executive without the actual handover of weapons, suggesting he could settle for "a favourable commentary" by Gen de Chastelain.

Ship forward in Ulster, Page 5

WHITE HOUSE OFFICIALS APPEAR TO CONCEDE DEFEAT AS REPUBLICANS REFUSE TO POSTPONE VOTE DURING MILITARY ACTION IN THE GULF

## House of Representatives on verge of impeaching Clinton

By Mark Szerman in Washington

A bitterly divided US House of Representatives yesterday moved toward impeaching President Bill Clinton as Republicans overrode White House objections to staging the historic vote during US military action in Iraq.

Democrats accused Republicans of preparing a "coup d'état" as they desperately tried to persuade the House to pull back from plunging the country into a lengthy Senate trial of the president.

But after a wave of moderate Republicans decided to side with their own party, White House officials appeared to have conceded defeat in the final vote which will take place today.

The highly charged rhetoric on Capitol Hill was reminiscent of the fiercest political battles over the Vietnam war and the Water-

gate scandal during the 1970s.

Speakers from both sides argued passionately over whether Mr Clinton's attempts to cover up his affair with Monica Lewinsky, the former White House intern, justified his removal from office.

But the event lacked the sense of historical import of either of those debates. With the outcome no longer in serious doubt, legislators from both parties rejected attempts to reach across party lines to try to forge a new consensus and frequently left the chamber half-empty as they departed to watch the latest news from Iraq on television.

Mr Clinton's advisers were already looking ahead to possible compromises that might avoid the prospect of having the scandal drag on for months. Both sides agree there is little likelihood that the Senate would

amass the two-thirds majority required to convict him.

Trent Lott, the Senate majority leader who earlier this week questioned Mr Clinton's timing in launching air strikes against Iraq, said he was committed to pushing ahead with a full Senate trial if the House voted to impeach the president.

Joe Lockhart, the president's spokesman, insisted that Mr Clinton would "absolutely not" consider resigning if he was impeached. Hillary Clinton, the first lady, broke weeks of silence on the matter to appeal to the country for a period of "reflection and reconciliation".

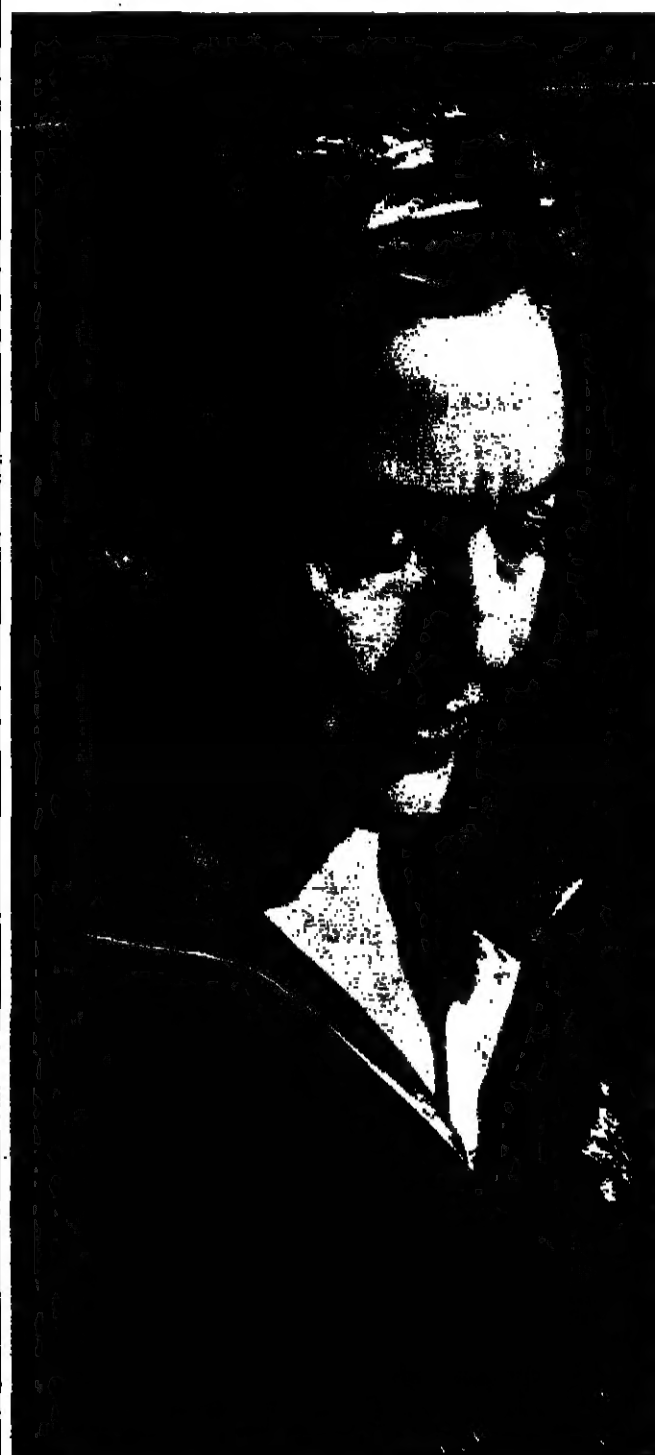
But in a clear sign of how sharply Congress has been split along partisan lines, the Republican majority voted to reject Democratic calls to block the debate and discuss alternative punishments such as censure.

Henry Hyde, the judiciary committee chairman, said Mr Clinton's actions were incompatible with his office. "The people's trust has been betrayed," he said. "The nation's chief executive has shown himself unwilling or incapable of enforcing the laws for he has corrupted the rule of law by his perjury and his obstruction of justice."

But John Conyers, the committee's senior Democrat, called the Republican position "perverse" and said the vote was an unmerited attempt to overthrow a legitimately elected president.

Mr Clinton's approval ratings remain near record highs, but the proportion of the public that believes the president should resign if the House does impeach him is now over 50 per cent in some surveys.

Iraq and a hard place, Page 7



Hillary Clinton yesterday broke her silence over the impeachment debate to appeal to the country for a period of "reflection and reconciliation". Picture: AP

## Bombing of Iraq set to continue

By Alexander Nicoll in London and Stephen Fidler in Washington

US and British military chiefs said yesterday substantial damage had been done to Iraq's military capability by missile and bombing raids which continued into a third successive night.

William Cohen, US defence secretary, said: "We continue to be satisfied by the results, although the strikes are not yet complete."

Underlining the severity of the campaign, General Henry Shelton, chairman of the joint chiefs of staff, said more cruise missiles had been fired than the 296 used during the entire Gulf War. Thursday's operations included the first combat operations of the B-1 stealth bomber.

The strikes, prompted by Iraq's non-co-operation with UN weapons inspectors, were condemned as a "criminal violation" by Tariq Aziz, Iraq's deputy prime minister, who said Washington and London had acted against the will of the United Nations Security Council. The UN's chief weapons inspector, Richard Butler, would never be allowed to re-enter Iraq.

The firing of cannons in Baghdad last night signalled the official start of Ramadan, the Muslim fasting month. But US military chiefs made clear they would not stop the attacks until their objectives had been achieved.

As a protest against the raids, Russia recalled its ambassadors

to the US and Britain for consultations. Dmitry Yakushev, President Boris Yeltsin's press secretary, said the raids "must be stopped", but there would be no break in relations with Washington and London. "We must not let things slide into confrontation," he said.

The Pentagon said attacks had been made on 75 targets, including television and radio transmitters which it said were used to jam incoming radio broadcasts.

Mr Cohen said the oil refinery at the southern port of Basra had been struck because it was being used for illegal oil exports. Other targets included airfields housing attack helicopters used against Shia and Kurdish minorities.

Among targets hit by Royal Air

Force Tornado bombers was a hangar said to house aircraft equipped with crop-spraying equipment intended for use with chemical weapons. It was claimed.

Of 18 command and control facilities attacked, 10 had been severely damaged or destroyed, according to Pentagon officials. Also attacked were 19 security facilities and 11 sites claimed to be for producing weapons of mass destruction, five airfields and eight Republican Guard barracks - including the Republican Guard base in Saddam Hussein's home town of Tikrit.

The Iraq crisis, Page 2  
Man in the News: Saddam Hussein, Page 6

### News General

#### EU orders cuts in fishing catches

European Union fishing fleets will suffer big reductions in allowable catches as a result of a deal agreed by fishing ministers. Greek fishermen specialising in the highly valuable blue fin tuna species will be hardest hit. Following over-fishing this year of the species, primarily sold for sushi in Japan, they must cut their catch by 54 per cent to 126 tonnes next year. European news, Page 3

**Canadians put wildlife safety measures in train**  
The trans-continental Canadian rail line, forced through the Rocky mountains at the end of the last century, set up a confrontation between animal and machine that animals have had little chance of surviving. Hundreds of animals have been struck by the trains - not only elk, but moose, wolves, cougars, bears and even bald eagles. In the last few years, however, CPR has taken steps to change the odds more in favour of the wildlife. International news, Page 4

**S Korea sinks N Korea spy vessel**  
South Korean navy ships sank a North Korean spy vessel in a gun-fight which hands ammunition to critics of Seoul's efforts to improve relations with its communist neighbour. International news, Page 4

**German doctors take to the streets**  
Germany's new government faced its first case of nationwide industrial action as doctors took to the streets to protest at capping of health insurance budgets. In what was billed as a "day of demonstration and information", doctors offered a grim diagnosis of the latest government attempt to grapple with Germany's health care budget. European news, Page 3

**Trouble in toy town**  
The annual craze for "must-have" products, such as Tickle Me Elmo or Furby, is not enough to keep toy makers on a growth path, even when times are good. The new game is to get smart.  
Page 7

### News Business

#### BHP plans \$620m restructuring

Broken Hill Proprietary, Australia's largest diversified mining company, unveiled details of further restructuring and asset sales worth more than A\$1bn (\$620m). The company also announced a 45 per cent fall in half-year net profit to A\$438m. The poor profit result was in line with forecasts, but the restructuring surprised markets and supported BHP's share price, which rose nearly 3 per cent to A\$12.00. Page 24 and Lex

**SGS set to shed 3,500 jobs to restore profitability**  
Société Générale de Surveillance, the world's biggest testing and inspection company, is to shed up to 3,500 staff and omit its dividend in an effort to restore profitability. Page 24

**Buoyant Swiss market reports 5% rise on week**  
Renewed worries over next year's trading prospects at Ericsson sent the share tumbling 8.2 per cent in Stockholm yesterday. In Frankfurt, construction group Philipp Holzmann soared 19 per cent after the Belgian holding company, Gevaert, said it had become the group's main shareholder. But Zurich was still Europe's runaway winner for the week, with a rise of 5.1 per cent. Bonds, Page 8; Currencies, Page 9; London stocks, Page 17; World stocks, Pages 20-21

**Nissan to cut domestic capacity by 15%**  
Nissan, Japan's second largest automotive manufacturer, is to cut domestic capacity by 15 per cent, in a move that could involve closing plants. Plant closures are rare in Japan, but the industry is racked by overcapacity following a 12.3 per cent drop in domestic vehicle sales this year. Companies and Finance, Page 23

**Thomson-CSF set to report \$270m loss**  
Thomson-CSF, the French defence electronics group, is to report a net full-year loss of about FF1.5bn (\$270m) after more than FF3bn of one-off charges linked to a restructuring plan aimed at improving long-term profitability. Companies and Finance, Page 23

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# WORLD NEWS

THE IRAQ CRISIS

CONTAINING SADDAM LITTLE CHANCE OF OVERTHROWING THE REGIME OR RESTORING WEAPONS INSPECTIONS

## Deterrence only US option in future

By Alexander Nicoll in London and Stephen Fidler in Washington

The air strikes against Iraq are likely to end soon, but the US and Britain will have little option but to resort to military deterrence in future to contain Saddam Hussein's regime.

They will try to foment opposition, which might eventually unseat him, though most analysts are sceptical about the chances of such hopes being realised.

John Chipman, director of the International Institute

for Strategic Studies, says the calculation may have been that United Nations weapons inspectors would never be able to resume their work - or at least, not for a long time.

The current raids are therefore partly an attempt to accomplish the inspectors' task by force. In delivering a massive one-time blow to Iraqi military facilities, they will, if successful, be one means of containing Mr Saddam for some time to come. His capacity to produce and use weapons of mass destruction and his ability to

threaten neighbouring countries will have been considerably set back.

However, it is doubtful that missiles and bombs can be as effective as inspectors in neutralising sites where chemical and biological weapons may be stored.

US officials say they have not given up on reinserting Uncom, the weapons inspection commission, but do not assume it will be allowed back. They say Uncom, though not allowed to do its job, has played a role in preventing development of weapons of mass

destruction. Without Uncom, it would have been easier for Iraq to rebuild the programme.

The fate of Uncom may depend on the complex diplomatic situation which will follow the attacks, with Russia and France likely to reassert themselves in efforts to resolve the face-off with Mr Saddam.

Among military options, the US, which is likely to retain a significant and expensive military presence in the Gulf for some time, could seek to extend the no-fly zone, currently covering

northern and southern areas, over the whole country. It could impose a ban on movements of military equipment.

Mr Chipman believes the US would not wish to take on this additional policing burden. Instead, it could make occasional missile or bombing strikes when it detected chemical or biological facilities or military activities it wanted to stop.

Continuation of US presence in the region also may make for increasing internal problems for rulers of the Gulf emirates and Saudi Arabia.

place and enforcement would be tightened.

However, the sanctions regime is already weak and increasingly leaky, and is likely to weaken further.

That leaves military deterrence as the main element of the strategy. But international support may weaken further. Already the Russians and Chinese oppose the attacks, while the French have remained neutral. Continuing US presence in the region also may make for increasing internal problems for rulers of the Gulf emirates and Saudi Arabia.

RUSSIA AND CHINA COMMON LINE ADOPTED

## Worries over 'hegemonic menace' grow

By James Kyjko in Beijing and John Thornhill in Moscow

China and Russia have begun to co-ordinate policy toward the bombing of Iraq by the US and UK - even splitting the five permanent members of the United Nations Security Council as France, the fifth member, has taken a broadly neutral stance.

Jiang Zemin, China's president, used a newly installed "hot line" to call Boris Yeltsin, his Russian counterpart, on Thursday to find a common approach, Chinese officials said.

Details of their discussion were not disclosed. But one senior Chinese official said that the two allies were expected to co-ordinate moves closely for the duration of the air strikes.

"Our positions are basically the same," the official said.

China objects to the attacks mainly because they set a "dangerous precedent" for the launch of military strikes without the sanction of the Security Council. The Council is one medium through which Beijing projects its diplomatic power, and therefore it insists that the Council's processes are observed.

The People's Daily, the mouthpiece of China's ruling Communist party, criticised Washington for ignoring UN and international norms.

"At the turn of the century, the US action impels the international community to make a solemn choice: do we want a peaceful 21st century, or one of hegemonic menace?" the newspaper asked.

Beijing also has national security reasons for opposing aggression undertaken unilaterally or bilaterally by military powers. It is concerned that one day such aggression could be turned against itself, possibly in the form of US support for Taiwan separatism.

But while Beijing was

scathing about the US, it appeared to avoid strenuous criticism of the UK.

Russia, which recalled its ambassadors from the US and the UK on Thursday night, said the attack on Iraq was a clear violation of the United Nations charter and a blow against the whole system of international relations.

Western diplomats said Russia's reaction was more than knee-jerk anti-Americanism from the predictable nationalist quarters and spread across the political spectrum, reflecting genuine anger.

Grigory Yavlinsky, the leader of the liberal Yabloko party, which has long advocated close ties with the west, also condemned the attack. "The confusion over the consequences and effectiveness of this action creates enormous concern," he said.

Other parliamentary leaders have warned that the US and UK action could delay the approval of the Start-2 arms reduction treaty and lead to demands for increased military spending. Russia's defence ministry said the western military action would also call into question future co-operation with Nato.

Several other former Soviet states also expressed their outrage.

However, Moscow stopped short of threatening a permanent breach of relations with the US and UK. Dmitry Yakushevskii, the presidential press spokesman, said: "We must not let things slide into confrontation."

Moscow appears particularly piqued by the western action because it was not consulted in advance. Yevgeny Primakov, Russia's prime minister and former foreign minister, has had long and close ties with Saddam Hussein, the Iraqi leader, and has intervened several times in previous disputes with Iraq to try to broker a peaceful compromise.

THE ARMS INSPECTOR HEAVY CRITICISM

## Butler denies being creature of Washington

By Michael Littlejohns at the United Nations in New York

These are unhappy days for Richard Butler, the Australian former ambassador who heads the United Nations Commission charged with disarming Iraq in under attack as never before for his crucial role in events that led to the air strikes.

Is he too cosy with the US and Britain, whose forces are striking without formal UN consent? Did he signal to Washington well in advance that he would be reporting to the Security Council grave Iraqi violations of the commitment to co-operate fully with weapons inspectors, and were the documents written and timed to suit American purposes?

Last night, these suspicions lingered, though Mr Butler vigorously rejected them as "utterly wrong", declaring he "danced to no one's tune".

Western delegates emphasised that every member of the Council was always free to learn in detail the results of the commission's work. The report was his own. Mr Butler said, based on facts submitted from the field and delivered to Kofi Annan, UN secretary-general, by the date aimed for, December 15.

One would have to go back to Soviet attacks on Dag Hammarskjöld, the secretary-general 40 years ago, to match the impugning of per-

sonal integrity that Mr Butler now encounters. China's UN delegate, Qin Huasun, called him "dishonourable" and in a closed door Council meeting there was a bitter onslaught by Sergey Lavrov, the Russian delegate and Baghdad's most ardent defender.

These events aside, the Australian is no stranger to controversy. His in-your-face style - once called Down Under undiplomacy - won no praise while he was his country's chief UN delegate and may have cost Australia a race against Portugal in a Security Council seat. (Balloting is secret and can easily be influenced by personality and friendship, regardless of government instructions.)

Mr Butler works for the Security Council, not for Mr Annan; still, the secretary-general has repeatedly urged him to watch his tongue, advice that aides say he always promises to heed but seldom does. In one recent case, he left almost immediately for a public meeting in Philadelphia, where he remarked to the audience that Tariq Aziz, the Iraqi deputy premier, should tell the truth "for the first time in his life".

Western defenders of Mr Butler dismissed such indiscretions. "He's just articulate," one said last night. Is his job in jeopardy? A high UN official responded: "With US support, it's as solid as a rock."



A laser-guided bomb is loaded on an F-15 aircraft on the USS Enterprise in the Gulf yesterday before a sortie over Iraq. The threat of military force is now the only real weapon in US armoury.

UK ACTION

## Tornados bomb chemical warfare aircraft

By Alexander Nicoll, Defence Correspondent, in London

A hangar housing an unmanned aircraft designed to spray biological and chemical weapons was among the targets hit by Royal Air Force Tornados in their attacks on Iraq, UK military chiefs said yesterday.

General Sir Charles Guthrie, UK chief of defence staff, said Saddam Hussein, Iraq's president, had given "high priority" to a programme to develop pilotless aircraft which could be used to spread biological or chemical weapons five miles downwind.

"There were a dozen such aircraft equipped with crop-spraying equipment for weapons use, he said.

George Robertson, defence secretary, said air defence systems, command and communication networks, and the Republican Guard were among the targets of Thursday night's raids, the first in which UK aircraft participated.

The ministry of defence released video clips of four targets being hit by bombs dropped from Tornado GR1 aircraft, equipped with thermal imaging airborne laser designator pods which use laser beams to guide bombs to their targets.

The clips, Gen Guthrie said, showed the nature of the US/UK campaign in that it was hitting "highly relevant military targets", most of them far from Baghdad, with precision-guided weapons of high accuracy.

The targets shown, all in the far south of Iraq, were a radar installation linked to surface-to-air missiles, a radio mast with fibre optic cables beneath, a hardened fighter aircraft shelter at Tallil air force base, and a hangar used for storing spare parts.

Gen Guthrie said the 12 Tornados, all of which were in action on Thursday night, had encountered some air defensive action. All had released their bombs except one, which had elected not to do so because laser guidance was not available and there would have been a risk of collateral damage and burning of civilians. All returned to Kuwait safely.

INSIDE IRAQ MOST HAVE LITTLE TO LOSE

## Baghdad people are resigned to their fate

Iraq was braced for another wave of punitive attacks yesterday but for most citizens it was business as usual despite two nights of massive US-led air strikes, agencies report from Baghdad.

"We know they are dropping hundreds of cruise missiles here and there but who cares?" said a food seller.

"We have got nothing to lose this time. More sanctions, more bombs will make no difference," said Mustafa Abdul-Latif, a cinema ticket seller.

For the second night anti-aircraft fire tore into the sky above Baghdad and about a dozen loud explosions were heard in the capital before dawn.

Witnesses said missiles scored a direct hit on the headquarters of Iraq's military industrialisation commission.

Twisted metal and broken, blackened concrete on top of the 10-storey building marked the point where the weapons ripped through the roof and tore through its interior.

The commission, a kilometre from the information ministry where foreign journalists were based, was one of several Baghdad targets hit in three waves of attacks overnight.

Earlier, the Iraqi health minister, Umeed Madhat Mubarak, said at least 25 people had been killed and 75 wounded in Baghdad alone since the blitz began.

Weakened by years of UN sanctions imposed for its invasion of Kuwait in 1990, Iraq shrugged off the onslaught and accused London and Washington of picking on Arabs and Muslims.

Iraqi newspapers called on people to rally behind President Saddam Hussein.

"God bless Iraq and Saddam," the Babil newspaper said in large red letters above the masthead.

Below the slogan was a drawing of Mr Saddam atop a white horse and dressed in a traditional white Arab robe hurling a spear at a large, black hissing snake.

Al-Thawra, the paper of Saddam's ruling Ba'ath Party, headlined its anti-American editorial "Operation Monica".

US forces also dropped propaganda leaflets in southern Iraq on Thursday, an official at Baghdad's ministry of culture said yesterday.

Iraq's southern Shia region rebelled against Baghdad after the 1991 Gulf war but the uprising was put down.

Apparently adding to the pressure, Saudi Arabian forces briefly advanced towards the Iraqi border on Thursday before withdrawing, according to the official.

Saudi Arabia was the main land base for forces of a US-led coalition that launched the 1991 Gulf war to end Iraq's seven-month occupation of Kuwait.

In Baghdad yesterday more than 100 UN relief workers left for the safety of Jordan, leaving a skeleton staff behind.

Hans von Sponck, the chief UN humanitarian officer in Iraq, said staff were no longer able to carry out their work monitoring distribution of humanitarian supplies bought by sanctions-hit Baghdad under its oil-for-food accord.

He said some food and medicines were still arriving in the country and oil exports had been flowing from the southern Mina al-Bakr Gulf port on Thursday.

In Baghdad, thousands of Iraqis gathered at Bab Sherif market, selling belongings to buy food.

Emaciated children accompanied by malnourished mothers stretched out their hands for small change.

RAMADAN ISLAMIC FEELINGS RUN DEEPER THAN CONCERNS ABOUT HOLY MONTH

## Moslems wonder about US thinking

By Mark Hubbard in Cairo

To the vast majority of Moslems, the month of Ramadan is a welcome break from routine, a period during which old scores are quietly forgotten, and heightened religious piety enables the entire Islamic world to remember what unites rather than divides it.

Ramadan falls in the month during which the Prophet Mohammed experienced the revelations which form the surah or chapters of the Holy Koran.

"The extreme rigour and the long duration of the Islamic fast, which is incumbent on every healthy adult, fulfils, in addition to the general aim of spiritual purification,

the threefold purpose of commemorating the beginning of the Koranic revelation, providing an exacting exercise of self-discipline, and making everyone realise how it feels to be hungry and thirsty, and thereby gain a true appreciation of the needs of the poor," wrote Muhammad Asad, a leading Islamic scholar.

With the Koran specifically forbidding only food, drink and sex during Ramadan's daylight hours, Moslems have in recent days been wondering on what religious basis the US government decreed that military strikes on Iraq were more acceptable before Ramadan than during the Holy Month.

Senior Moslem religious leaders have yet to respond to US efforts to portray its military agenda as sensitive to the Moslem calendar by scheduling the raids on Iraq before the start tomorrow of the Holy Month.

"Each Moslem must support the Iraqis, who have been subject to injustices, including their rulers' practices," said Sheikh Said Tantawi, the most senior Sunni Moslem authority on religious law.

"When we see Iraqis subject to injustices and shelling, and the killing of innocents, we have to stand by them," he said.

Perhaps on realising that this consideration of Moslem feeling had done nothing to

diminish popular condemnation of the attacks across the Islamic world, William Cohen, US defence secretary, has since said the strikes may continue into Ramadan.

If US planners initially felt the need to be sensitive to religious feelings in an effort to avoid compromising US allies in the Moslem world, their assumptions are likely to have been modified since they have found their allies barely in support of the military action.

While popular anger at the air strikes has taken on a religious tone in sporadic street demonstrations in Egypt, Yemen and Palestinian Authority areas, regional leaders have placed the military action firmly in the

political rather than the religious arena, to avoid inflaming militant religious sentiments.

For Moslem countries facing opposition from Islamic militants, Ramadan is a period when governments, kings, presidents and notables ensure themselves of a high television profile, enabling them to be seen praying with the masses they habitually keep at arms length and whom the militants have long tried to woo.

But with few Moslem countries in favour of the air strikes, it is inevitable that the significance of Ramadan to all Moslems will be heightened by the lack of support for the US and UK among global opinion.

TRANSATLANTIC ALLIANCE NATO MEMBERS SHRUG OFF RUSSIAN ANGER

## Europeans rally to allies' cause

By David Suchman

As the only country to join the US in bombing Iraq, Britain has run into the same hostile criticism and diplomatic retaliation as the US, but has so far generally not been singled out for criticism as US stooge.

Even France is expressing understanding for Britain's radically different approach to Iraq, despite the fact that London and Paris committed themselves earlier this month to forging a joint European defence policy.

Yesterday continental European members of Nato swallowed any private reservations about the wisdom of the Baghdad bombing and rallied publicly to the side of the US and Britain in the



Blair 'gaining credit with Washington'

Permanent Joint Council with Nato, but fielded its ambassador to Nato after President Boris Yeltsin ordered his defence minister, Igor Sergeyev, to boycott the meeting with his Nato counterparts in protest at the bombing of Iraq.

In his place, Russia's envoy to Nato, Sergei Kisliak, delivered a stinging attack on the US and Britain, even accusing Washington of launching the strikes just to test its latest weapons.

"Partly by oversteering their case, the Russians prompted all the Nato allies, including the Italians who were a bit wobbly about the bombing, to express their solidarity with the US and UK," said one Nato diplo-

mat. A day earlier, Italy's prime minister had called the bombing "useless".

Britain's alliance with the US in the latest conflict is also in line with its traditional tough line on Iraq. "When diplomacy recognises a familiar pattern, they do not get so excited," said the diplomat.

Britain was accused of slavishly serving American interests yesterday by Iraq's deputy prime minister, Tariq Aziz, who said "they (the British) want to join the (US) elephant like a small rat".

Otherwise, Britain continued to be bracketed with the US by, for instance, Libya which accused the two countries of "state terrorism", a charge they have often levelled at Tripoli, by a senior Iranian

Moslem who accused the two countries of "arrogant tyranny", and by Russia which has withdrawn its ambassadors from Washington and London.

In Paris, officials at the foreign ministry said they recognised that European Union countries had "different interests and reflexes over Iraq", and that the recent Franco-British declaration was focused on European defence and was only a first step along a long road.

One official suggested it might even be a good idea for Tony Blair, the UK prime minister, to gain credit with Washington so that he could not be attacked by the US on the issue of European defence.

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Responsible for advertising content: Colin A. Kennedy, Deputy Managing Director, International Advertising, 100, Broad Street, London W1A 3QU, UK. Telephone 020 7556 5000. Fax 020 7556 5001. E-mail: colin.kennedy@ft.com.

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STOCKS DEPLETED GREEK FLEETS WILL BE HIT HARDEST

## EU orders big cuts in fishing catches

By Michael Smith in Brussels

European Union fish fleets will suffer big reductions in allowable catches, as a result of a deal agreed by fish ministers after a 17-hour negotiating session lasting into the early hours of yesterday.

Greek fishermen specialising in the highly valuable blue fin tuna species will be hardest hit. Following over-fishing this year of the species, primarily sold for sushi in Japan, they must cut their catch by 54 per cent to 126 tonnes next year.

Catches of more common species were also cut. The total allowable catch for cod in EU waters was reduced from 387,000 this year to 324,200 next year, and the haddock total fell 20 per cent to 135,000 tonnes.

Although a handful of the 100-plus of the EU's total allowable catches were increased - including sole and plaice in the English Channel - most were either

pegged at the 1998 rate or cut.

The catch cuts, higher than for several years, will inevitably increase prices, but ministers agreed they were essential to preserve stocks.

Jean Glavany, French fisheries minister, said the reductions were necessary to preserve the long-term economics of fishing enterprises and maintain stocks.

Eliot Morley, UK fisheries minister, said the battle was to balance long-term security of fishing stocks with short-term needs of a workforce fighting for survival. "There are some stocks in severe trouble," he said.

In making its recommendations for fish catches, the European Commission relied on figures from the Denmark-based International Council for the Exploration of the Sea.

Member states, which collectively decide the catches, disputed some of the figures

and secured increases to some of the Commission's proposals. However, in all cases but blue fin tuna, there was no dispute about allocations among countries, which are determined by an agreed formula.

The blue fin tuna decision was difficult because France, Portugal and Spain were asked to give up some of their quota for next year as an act of "solidarity" with Greece and Italy, which would have big cuts because they had over-fished last year.

In the end they agreed, but Italy, which will have its catch of blue fin quota cut by 16 per cent, and Greece both voted against the blue fin tuna package, which was treated separately from other catch allocations.

Among other changes decreed were a 30 per cent cut in whiting catches off the west coast of Scotland and a 25 per cent reduction in North Sea haddock.

## Charges boost for Deutsche Telekom

By Frederick Stüdemann

Germany's telecommunications regulatory authority yesterday gave a boost to Deutsche Telekom, the former monopoly, when it announced that low-cost competitors might face extra charges when using networks they do not own.

The regulator said that since liberalisation at the start of the year there had been a welcome boost in competition and a slashing of prices. One reason for this was the low cost of entry to the market due to an "interconnection" rate of 2.7 pence (16 cents) per minute charged to companies using Deutsche Telekom's network.

Deutsche Telekom has consistently complained that this rate is below cost and means it is in effect subsidising its competitors. Since the start of the year it has lost up to a third of its long-distance call business to competitors, according to the regulatory authority.

Arne Bornsen, vice-president of the authority, yesterday conceded that the sharp growth in the market had led to "atypical traffic" and congestion along networks. He said Deutsche Telekom was justified in asking that some of the costs associated by higher volumes be borne by those who cause them.

The decision means Deutsche Telekom can apply for permission to levy higher charges on companies which have little or no technical infrastructure of their own and use the former monopoly's network extensively. It will have to provide the regulators with a breakdown of the charges which can be levied until the end of next year - after which a new arrangement for interconnection charges is due to come into force.

Klaus-Dieter Schörrle, president of the regulatory authority, said "year one" of liberalisation had been an undoubted success. There were now over 50 companies offering telephone services and competition had led to price cuts for peak-time calls of up to 70 per cent. Total turnover in the market grew by 6.5 per cent to DM100bn.

Mr Schörrle said "call-by-call" services, under which users choose a particular company on a one-off basis by dialling a code before making their call, had been the "runaway success of the year". Competition had been fiercest in the long-distance segment of the market.

The opening up of the local call market will be the next big step for regulators.



Artrial route: doctors demonstrate on Dortmund streets yesterday

## German doctors take to streets

By Frederick Stüdemann in Bonn

Germany's new government yesterday faced its first case of nationwide industrial action as doctors laid down their stethoscopes and took to the streets to protest at capping of health insurance budgets.

In what was politely billed as a "day of demonstration and information" but in fact bore all the symptoms of a common strike, doctors locked their surgery doors and turned their attention to offering a grim diagnosis of the effects of the latest government attempt to grapple with Germany's ballooning health care budget.

Winfried Schörre, chairman of the federation of public health insurance-contracted doctors (KBV), warned that plans by Andrea Fischer, health minister, in effect to freeze the amount of money available

to doctors would have unhealthy consequences. "The taboo has been broken. If there is less money in the public health insurance system, then we have to ask what level of services can be offered."

He said "the times of generosity are over". Doctors might in future be forced to restrict themselves simply to providing the minimum level of service required by professional codes of conduct.

Mr Schörre was speaking after a demonstration of several thousand doctors in a Bonn suburb.

At issue are changes to public health insurance budgets covering nearly 90 per cent of Germans. As part of a plan to cut prescription contributions and reduce costs imposed on the long-term sick, Ms Fischer has introduced a one-year cap on the amount of money available for doctors.

## Russia's youth alienated, says study

By Andrew Jack in Moscow

Russia's young people are ill-equipped to maintain the momentum of reform of post-Soviet society, according to a study from the US-based International Youth Foundation.

Poverty, deteriorating health and crime have created among the 36m people aged between 5 and 20 in contemporary Russia a generation with a limited ability to realise their full potential.

The collapse of the Soviet Union has also fostered "an unambiguous vacuum of civil consciousness", with recent surveys showing that the vast majority do not feel they participate in ruling their own society and more than a quarter stating that it is acceptable to earn money by breaking the law.

"Post-Soviet culture shock" is destroying the link between individuals and society, it warns, with the younger generation disrespectful towards authority and seeing social success in highly materialistic terms.

It warns that by 2015 only 15-20 per cent of babies will be born in a healthy condition, and points to a sharp rise in suicides, drug abuse and sexually transmitted diseases in recent years. "Russian youth now suffer living standards that are among the worst in the second world," it says.

Its findings come in the week that a separate study from the US-based Human Rights Watch organisation highlighted serious deficiencies and abuses of Russia's 800,000 orphans.

It said orphans in Russia were exposed to "shocking levels of cruelty and neglect", and those judged to be retarded were given very little education and often tethered in their rooms. It said "normal" abandoned children were frequently beaten, insulted and given limited access to education.

The number of children abandoned had risen sharply to 113,000 a year over the last two years.

## French budget makes moving abroad harder

By Christophe Jakubyszyn

The French parliament yesterday adopted a budget for 1999 which includes a "poison pill" intended to prevent French entrepreneurs relocating to other European countries in search of a tax-friendly environment.

In the absence of European tax co-ordination, which is being aggressively promoted by France and Germany, the new budget provision is aimed at preventing individuals escaping French tax jurisdiction.

An article of the 1999 French budget will make it more expensive for any small business owner to leave France. Any holder of more than 25 per cent of a French company who wants to move to another country will have to pay a 36 per cent capital gains tax, as if the company had been sold.

The only way to avoid immediate payment will be to offer guarantees - such as collateral on real estate - for the full amount to the tax authorities for five years. Belgium, Luxembourg, Switzerland and the UK are the most popular destinations for relocating French companies.

"It goes against European

Union freedom of settling anywhere," said Olivier Cadic, chief executive of Info Elec, a French electronic components manufacturer, who moved to the UK two years ago and who now helps new candidates to settle. His association of French companies in the UK - or thinking of moving there - has 640 members. It has helped 150 French companies or individuals settle in the UK this year.

French and UK governments made clear a few months ago that a long-standing bilateral agreement allowed either government to impose taxes on companies in the country where the business was done. The problem for French entrepreneurs is the French government's approach to income tax and capital gains tax on individuals.

"It will still be possible for any new French entrepreneurs to move and be considered UK taxpayers, for example, if they can prove they live in that country more than 183 days a year. The new French legislation will, however, impose capital gains taxes on them when they attempt to do so.

The legislation could be challenged in the European

Court. Alain Marchand, a Paris tax lawyer, said he did not think the court would accept the tax because it would be imposed on a potential rather than a real capital gain.

The French government claims that such arrangements already exist elsewhere, notably in Germany and Denmark. In the UK, taxes on capital gains are due only when the owner disposes of the assets and has left the country for less than five years.

The French government says it has no firm data on the number of French entrepreneurs who have recently moved abroad, but admits it has detected many departures. "In 1991, when the Socialist government created special taxes on the very wealthy, the richest left, but today we see people with medium-sized fortunes - from \$1m to \$10m [\$1.6m-\$16m] - willing to leave," said Mr Marchand.

He adds that while the UK and Switzerland remain the top destinations for French entrepreneurs, Belgium and Luxembourg have become very attractive for older people who want to sell their companies without paying capital gains tax.

## Poland buys back Brady bonds

By Vincent Boland in London and Christopher Robinson in Warsaw

Poland has bought back \$750m of its outstanding Brady bonds, the second time it has done so since the bonds were launched in 1994 after an agreement with the country's foreign commercial bank creditors, known as the London Club.

The finance ministry said yesterday it had begun buying back long-dated bonds as emerging debt prices crashed in the aftermath of

Russia's debt default in August, confirming speculation that it had been an active buyer in the market at the time.

The bonds were bought with foreign currency reserves held at the National Bank of Poland, which stood at \$27.2bn at the end of October. The ministry issued dollar-denominated bonds to the central bank in exchange, which will be redeemed in zlotys in 2024, when the Brady bonds it bought were due to mature.

The move reduces the

country's outstanding debt owed to international commercial bank creditors to about \$5.3bn from \$6.0bn. However, it cuts total outstanding foreign debt by only 1.2 per cent. Poland had a foreign debt-to-GDP ratio of 31 per cent before yesterday's announcement.

Last year the government bought back about \$1.7bn of its outstanding Brady bonds, coinciding with another tumble in emerging bond markets during Asia's financial crisis.

Officials indicated that

similar repurchases would be considered if there were further downturns in emerging bond markets, which have recently rallied from their lowest levels following the Russian financial crisis.

The ministry did not say which bonds had been retired, but traders speculated that the purchases were of "discount" bonds, which were the most expensive to service. But confirmation that the government had been a big buyer of the bonds helped prices to rise slightly yesterday.

BA-IBERIA LINKS BRITISH WORRIED ABOUT CONTROL AHEAD OF SPANISH PRIVATISATION

## Airline deal delayed by management doubts

By David White in Madrid

British Airways' planned tie-up with Iberia has been delayed by worries over arrangements for management control at the Spanish airline, a senior Madrid official has disclosed.

The UK group and its US partner, American Airlines, were due to sign a deal on December 2 on plans to take a joint 10 per cent stake in Iberia, setting the stage for full privatisation of the Spanish carrier.

The signing ceremony was called off, however, and no new date has been set. The reason given by the Spanish for the postponement was the practical difficulty of bringing together heads of other airlines in the recently launched Oneworld alliance, which Iberia is set to join.

However, the Spanish official said problems had arisen in drafting the agreement for

interim control of Iberia in the run-up to its stock market flotation, planned for the first half of next year.

Under the shareholding deal, BA and American would not carry out their investment - worth between Ptas2bn and Ptas9bn (\$30m-\$11m) - until the time of full privatisation, he said.

The Spanish government official denied reports that Madrid, which owns 95 per cent of Iberia through the state holding company Sopi, planned to replace the current chairman, Xabier de Irujo, whom it appointed 24 years ago. But BA was seeking to ensure it would have a say in any change that might take place in the next few months, he said.

BA is set to play the dominant role in the shareholding operation, taking an effective stake of about 9 per cent, with American controlling about 1 per cent.

The deal is attached to a commercial agreement which officials are anxious to have in place before the flotation. Sopi, whose board approved the shareholding plan three weeks ago, insisted the deal was virtually agreed by both sides.

The last-minute hitch follows well over a year of negotiations with BA, chosen in preference to KLM and Air France as a European partner for Iberia.

Talks were held up by differences over the size and price of BA's future stake, and by delays in the formation of the planned BA-American alliance, due to the demands of European and US regulators.

Iberia and American signed a commercial agreement in September last year covering "code-sharing" arrangements (selling seats on each other's flights) and linkage between their fre-



De Irujo not being replaced

quent flyer programmes. Spanish officials were hoping a three-way deal including BA would take shape shortly afterwards.

Privatisation of Iberia is planned in three stages - the entry of BA and American as partners; the sale of further stakes to Spanish institutional shareholders; and an initial public offering of about 50 per cent of the capital.

## INVESTORS CHRONICLE

### The brightest stars

With the new year fast approaching the time has come to review and revise your investment strategies.

This week we sieve through the universe of shares to create a value portfolio. Our selections are made according to the tough "Bargain Issues" criteria laid down by Ben Graham, author of "The Intelligent Investor" and tutor of Warren Buffet.

With their excellent track record, make sure you don't miss this chance to learn our share selections for 1999, published exclusively in this week's INVESTORS CHRONICLE.

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## INTERNATIONAL

KOREAN TENSIONS CONFRONTATION AT SEA FUELS DEBATE OVER SEOUL PRESIDENT'S 'SUNSHINE POLICY' TOWARDS COMMUNIST NORTH

## Spy ship clash puts pressure on Kim

By John Larkin in Seoul

South Korean navy ships sank a North Korean spy vessel deep in southern waters yesterday in a pre-dawn gun-fight which hands ammunition to critics of Seoul's efforts to engage its communist neighbour.

The body of a North Korean carrying a grenade was recovered after the battle, which erupted after a dramatic six-hour chase by

South Korean ships, helicopters and fighter jets.

The incident is the latest in a series of spy incursions by North Korea into the capitalist South. Each incursion intensifies the pressure on South Korea's President Kim Dae-jung to reconsider his policy of engaging the North through business and cultural exchanges.

It coincides also with sharpened security tensions over Pyongyang's nuclear

weapons ambitions and its recent test of a rocket over Japan. Pyongyang has refused to allow inspections of a vast underground complex the US suspects is a nuclear plant in the making.

North Korea recently warned its army was primed for war with the US.

A high alert was declared yesterday in southern provinces as naval vessels swept the seas for the bodies of, possibly three other crew

members. Onshore, soldiers set up road blocks to trap survivors. But survival was unlikely as the gun-fight took place more than 60 miles from shore. The 10-tonne semi-submersible vessel was spotted late on Thursday night approaching Yosu on the Korean peninsula's southern tip.

It fled south-east for the heavily fortified border dividing the two Koreas, but was trapped by aircraft drop-

ping depth charges and flares which gave away its position.

South Korea's Joint Chiefs of Staff said the North Korean vessel opened fire just before dawn and was quickly sunk by return volleys.

The incident revived memories of an earlier episode in June when a spy sub was caught and its nine crew found dead inside in an apparent suicide pact. The following month a dead

North Korean diver from a separate mission was found washed ashore nearby.

President Kim has vowed not to let such incursions wreck his policy of engagement, but hardliners will point to yesterday's clash as proof the North does not deserve such goodwill.

This so-called "sunshine policy" has spawned the first South Korean tourist cruises to the North since the 1950-53 Korean war.

## Indonesia plans state sell-offs

By Diermid O'Sullivan in Jakarta

Indonesia hopes to sell shares in 25 state-owned companies over the next two fiscal years - including fertiliser makers, construction and engineering companies and a bank.

"We cannot say that everything on this agenda will be implemented because of the current situation," Tanri Abeng, minister for the empowerment of state-owned enterprises, told foreign diplomats and bankers in Jakarta yesterday.

Indonesian share prices have plunged since the collapse of the rupiah against the dollar began in August 1997.

The country still sees frequent riots and demonstrations, and business confidence is not expected to return until after general elections next June.

The government is being urged by the International Monetary Fund to divest state assets as one of the conditions for getting emergency foreign loans to balance the budget. Jakarta also hopes that gradually selling its shares to strategic investors will improve the performance of the 189 state-owned companies. In 1997, their return on capital employed was only 2.6 per cent.

So far, privatisation has not gone well.

The government planned to sell majority stakes in 12 companies during this financial year, raising \$1.5bn. Because of poor market conditions and strong domestic opposition, only \$115m has been raised so far through the sale of a minority stake in a cement company, Semen Gresik.

Shares in six more companies are expected to be sold by March 1999, raising a total of \$1bn, Mr Abeng said. They include Indosat, the international call operator, and Aneka Tambang. Both are listed and profitable, with large hard-currency revenues. The government is also said to be interested in selling small minority stakes in two private companies, Indocement and Indofood.

The remaining five companies on this year's list will be added to the 25 companies to be offered between March 1999 and March 2000. The 25 are involved in construction, engineering, fertiliser production, distribution or financial services. Many will have to be restructured or merged first.

A further 35 companies will be offered the following financial year across a wide range of industries. They do not include the state oil company, Pertamina. Mr Abeng did not say how much money the government hoped to raise.

## Canadians put wildlife safety measures in train

Rail and parks officials are looking into ways to prevent animals from wandering on to the tracks, writes Edward Alden

When a train hits a moose, it usually strikes it from behind. When it kills an elk, it usually smashes the animal in the haunches.

"We're chased moose through tunnels," says Pat Wells, a Canadian Pacific Railway (CPR) engineer who has conducted freight trains through the Canadian Rockies for more than a decade.

When moose are scared, they run down the tracks, but in the winter the snow piles too high for them to jump off the rails and the trains chase them down. With elk, he says, their survival tactic is to flee as a herd, and they bound across the tracks in front of the oncoming engines.

In his job moving freight trains from Field, British Columbia to Revelstoke 300km west, Mr Wells says he has seen hundreds of animals struck by the trains, not only elk and moose but wolves, cougars, bears and even bald eagles.

The trans-continental Canadian rail line, forced through the Rocky mountains at the end of the last century, was an astonishing feat of engineering and human toll, requiring miles of tunnel to be blasted through the limestone to smooth out the steep grades of the mountain passes.

But that rail line, and the highway which later followed, bisected one of the world's richest wildlife habitats, setting up a confrontation between animal and machine that the animals had little chance of surviving. One of the worst prob-

lems comes in the autumn and winter when the trains carry grain from the Prairies through the mountains to west coast ports. If the grain spills in transit, which it frequently does, the animals wander on to the tracks to feed and are struck by the trains.

Mr Wells says the conductors do everything possible to avoid hitting animals, but a 100-car freight train does not stop on a dime.

In the last few years, however, CPR has taken steps to change the odds more in favour of the wildlife.

Last week the company began operating the world's first grain vacuum, a specially designed unit that sucks the spilled grain from the tracks. It can travel by road or rail to anywhere along the line.

In designing the unit, CPR faced a particular problem. The heavy industrial vacuums that are powerful enough to inhale the spilled grain would also suck up track ballast, the gravel and rock placed beneath the rail to stabilise the tracks and allow drainage. The solution was to create a dual-nozzled machine, says Ian La Couvée, a CPR official. One nozzle blows the grain up off the tracks and the other sucks it out of the air.

Mr La Couvée says the grain vacuum is only one of the initiatives CPR has begun. In the last year the company has hired a full-time wildlife biologist to monitor the impact of the rail line, enhanced reporting of wildlife kills and improved loading practices for grain cars.

It has also become quicker



Stopped in its tracks: elk wander on the line near Revelstoke

Pat Wells

at removing dead animals from the tracks to avoid killing other animals such as wolves and eagles that feast on the carrion.

CPR and Canadian parks officials had also looked at more severe measures, such as fencing the track through the mountains, but concluded that cutting off the migratory routes for elk, moose and bear would probably do even more damage.

Critics say the railway has not been moving fast enough. Alan Keane, director of the Banff Environmental Action and Research (BEAR) Society, says the company has known about the wildlife mortality problem for more than 30 years but responded only after his group and others started waging a

campaign three years ago. He calls the grain vacuum "a bandaid solution". He wants to see the unloading gates repaired on all 15,000 CPR grain cars to avoid grain leaking out, and canvas "diapers" fitted under cars to catch any spills. In the worst cases, faulty grain cars occasionally arrive at the west coast completely empty, he says.

Mr Keane also says the company should stop "staging" trains in prime wildlife habitat in the mountain national parks. Staging is the practice of pulling trains onto a subsidiary track so another train can pass by on the main rail line.

One staging area near Field was the site of the worst grain spill in Canadian history two years ago, and

bears are still returning to the site, he says.

"Any time a grain train stops there, it's like a dinner bell," says Mr Wells, the CPR engineer. After witnessing so many animals killed Mr Wells says that, while all these measures will help, the trains are still going to hit wildlife. "Mostly it's a problem of where we are, where we put our transportation corridor," he says.

The railway builders of the 1870s followed the lowest river valleys and stuck to the southern slopes to reduce snow accumulations in the winter. The animals quite naturally prefer the same places.

More than a century later, the two are still trying to figure out how to live side by side.

## Chinese president takes hard line on dissidents

By James Kynge in Beijing

Jiang Zemin, China's president, marked the 20th anniversary of free market reforms in the country yesterday by issuing a clear instruction: "The western mode of political systems must never be copied."

His order came a day after two prominent pro-democracy dissidents went on trial for trying to set up an opposition party.

The dissidents, Wang Youcai and Qin Yongmin, are accused of trying to set up the Chinese Democratic party, an unregistered opposition to challenge the ruling Communist party's 46-year monopoly on power.

The most famous Chinese dissident still within its borders, Xu Wenli, is also due to face trial on Monday for the same opposition activities, according to human rights

groups based in Hong Kong. Mr Xu had also been a key force in attempts to establish the Chinese Democratic party.

"From beginning to end, we must be vigilant against infiltration, subversive activities, and separatist activities of international and domestic hostile forces," Mr Jiang said in a speech broadcast on state television.

His tone marked a departure from the softer touch that has characterised Beijing's attitude toward dissent and open debate since Mr Jiang emerged from the shadow of his mentor, Deng Xiaoping, who died early last year.

Mr Jiang did not say what he meant by "infiltration", but diplomats said that he might have been referring to the recent trial of Lin Hai, who supplied 30,000 e-mail addresses to Chinese dissi-

dent groups in the US which transmit anti-communist literature over the internet back into China.

Beijing's considerable diplomatic strides this year have come against the background of more liberal policies.

Mr Jiang's speech and the trials of prominent dissidents are expected to undercut much of the goodwill generated by a series of state visits over the year.

Foreign diplomats said that the signing in October of the UN covenant on civil and political rights had raised expectations that China had embarked on a new era of tolerance towards debate and even dissent.

But, they added, China had become too important in the global diplomatic arena for the west to impose stern reprisals over the latest crackdown on dissidents.

## HK urged to end rate curbs on bank accounts

By Louise Lucas in Hong Kong

Consultants commissioned by the Hong Kong Monetary Authority (HKMA) are recommending that the de facto central bank scrap interest rate restrictions on all savings and current accounts.

Hong Kong has previously balked at this proposal, which was advocated by the Consumer Council almost five years ago.

In 1994 and 1995 it progressively removed the curbs on interest rates for time deposits. Fixed for seven days or more.

Deposits held for a shorter space of time, as well as current accounts and non-time savings accounts, still attract a uniform rate of interest which the banks

jointly set. These deposits account for 27 per cent of Hong Kong's total deposits.

The latest recommendation to deregulate interest rates fully came from KPMG Peat Marwick and its subsidiary Barents Group. The consultants were hired by the HKMA to evaluate the strategic outlook for the banking sector over the next five years.

The consultants' report says that maintaining the status quo on interest rate rules is "a reasonable regulatory decision" during the current Asian financial crisis, and recommends a gradual approach to deregulation. This would entail monitoring stability indicators for one year, and proceeding to full deregulation by the end of 2002.

## Mobile phone operators seek common standard

By Alan Cane

A group of 11 leading mobile phone operators has agreed to collaborate over the next generation of mobile phones in an attempt to defuse a row that threatens to delay the introduction of the new services.

It is unprecedented for so many operators to have united to present a common position, the more so because none of the 11 has a licence to offer so-called "third generation" services. The first of these licences are expected to be awarded in the UK next summer.

The operators, orchestrated by NTT DoCoMo of Japan and including Deutsche Telekom, France Telecom, Telecom Italia Mobile

and British Telecommunications, are concerned that a squabble over patents between the equipment manufacturers Ericsson of Sweden and Qualcomm of the US could derail efforts to offer services by 2001.

The International Telecommunication Union (ITU), the global telecoms standards agency, has already warned that if the patent issue is not resolved by the end of this month, it will refuse to consider systems from either manufacturer as the basis of the new services.

As most manufacturers and operators support either the Qualcomm or the Ericsson system, to have both thrown out would seriously damage the operators' ambitions to meet the expect-

ing demand for third generation services. Sometimes known as UMTS in Europe, these include the provision of multimedia to mobile phones, mobile video-conferencing and internet access.

Yesterday the operators committed themselves to working towards a harmonisation of the different proposals with a view to developing a single worldwide standard.

They said the settlement of the patents row should be separate from the standardisation of third generation services. It was critically important, they said, that the ITU should adhere to its planned schedule for publishing key systems specifications.

## NEWS DIGEST

## ISRAELI POLITICS

## Netanyahu takes control at finance ministry

Benjamin Netanyahu, Israel's prime minister, yesterday took over the finance ministry after the resignation of Yashov Neeman. Mr Neeman, the second finance minister to resign in as many years, said he could no longer work with a government riven by so many vested interests making demands on the public finances.

Mr Netanyahu faces a no-confidence vote on Monday and intends to call early elections if he fails to win parliamentary approval for his stance on the peace process with the Palestinians.

If early elections are called, economists fear Mr Netanyahu will try to win votes by drawing up a new budget for 1999 with a looser fiscal policy. Mr Neeman's 1999 budget was blocked by the coalition partners who oppose cuts on expenditure.

He wanted to reduce the budget deficit as a percentage of gross domestic product to 2.4 per cent this year and to 2 per cent in 1999. Judy Dempsey, Jerusalem

## WORLD TRADE ORGANISATION

## Selection of chief delayed

World Trade Organisation members yesterday postponed a decision on appointing a new director-general until the end of January. The original timetable called for a choice to be made by consensus by mid-December but the US and the European Union have yet to declare a preferred candidate, which has delayed the selection process.

Supachai Panitchpakdi, deputy premier of Thailand, is said by the two trade diplomats charged with sounding out WTO members' views to be leading the race to succeed Renato Ruggiero of Italy, whose four-year term ends in April. Mike Moore, former New Zealand prime minister, is second, followed by Hassan Abu-youb, former Moroccan trade minister, and Roy MacLaren, former Canadian trade minister. However, this ranking is challenged by some trade diplomats and positions could shift over the next month once the two trade superpowers make their choice known. Frances Williams, Geneva

## BASQUE REGION TALKS

## Eta allies may be included

José María Aznar, Spain's prime minister, indicated yesterday he would be ready to include the political allies of Eta, the armed Basque separatist organisation, in discussions on the future of the Basque region.

His statement came after what the government described as its first "significant contacts" with people close to Eta, which declared a ceasefire three months ago. While the government has insisted on keeping the peace process separate from political discussions, Mr Aznar said talks could involve all parties represented in the region's parliament. This would include Euzkadi Herriak, a grouping formed by Eta's political wing, Herri Batasuna. But the government made clear it would first require a clear repudiation by the party of all kinds of violence.

At the same time the government announced the transfer to mainland prisons of 21 Eta convicts currently held in Spanish islands and North African territories. The move was seen as a step towards more concessions to Eta prisoners, more than 500 of whom are serving sentences or awaiting trial in jails across Spain. David White, Madrid

## GUATEMALA'S GUERRILLA MOVEMENT

## Group to form political party

Guatemala's former guerrillas were yesterday set to complete their conversion into a political party, bringing to an end another phase in the country's peace process.

The legalisation of the Guatemalan National Revolutionary Unit (URNG) as a party comes almost two years after it signed peace agreements with the government to end its participation in the country's 36-year civil war.

The URNG, created in 1982 as an umbrella grouping for four guerrilla movements, wants to take part in elections late next year, when the country will choose a successor to President Alvaro Arzú. It is thought it will seek a presidential candidate from outside the movement. The peace agreements provided for a reduced role for the armed forces and more of a voice for Guatemala's indigenous population, as well as aiming to raise tax revenues to increase social spending. International donors are providing support for their implementation. James Wilson

## KOSOVO CONFLICT

## West must 'act quickly'

Kosovo could slide back into war over the next few months unless the west acts quickly to revive the political process, Paddy Ashdown, leader of the UK Liberal Democrats, warned yesterday.

Mr Ashdown, back from a five-day visit to the region, said there was worrying evidence that the Kosovo Liberation Army was re-equipping itself with high-tech weaponry.

He said Albanian exiles across Europe were pouring large sums of money into the KLA, some of which almost certainly came from illegal sources such as drugs and prostitution. Mr Ashdown, who also visited Belgrade, said Serb forces were becoming "very angry" that the KLA was returning to areas which they had vacated under the agreement reached between Richard Holbrooke, US envoy, and President Slobodan Milosevic of Yugoslavia.

"We need to reinvigorate the political process, and we need to do it very quickly," he said.

Mr Ashdown said it was also vital that the international team of 2,500 observers began their job of verifying the current situation on the ground. George Parker, London

## IRANIAN RIVALRIES

## New head of clerics' court

Iran's spiritual leader, Ayatollah Ali Khamenei, has appointed Gholamhossein Mohseni Ejei - the conservative judge who presided over the trial and conviction of Tehran's reformist mayor Gholamhossein Karbaschi last July - to head a "Special Court of the Clergy", according to Tehran newspapers.

The appointment coincided with the announcement that Assadollah Bayat - a reformist cleric and close ally of president Mohammad Khatami - had been jailed by the special clerics' court for fraud. Reformists claim that Mr Bayat, a former deputy speaker of parliament, is another victim of attempts by hardliners to discredit Mr Khatami's reform programme by attacking political figures and writers among his supporters. Robin Allen, Dubai

## CORRECTION

## Portugal's tax revenue

Portugal's total tax revenue in 1996 represented 34.9 per cent of gross domestic product. Excluding social security contributions, tax revenue was 25.9 per cent of GDP. The wrong figure was published in a chart of OECD data in the FT of December 8.

## FIDELITY ORIENT FUND

Société d'Investissement à Capital Variable  
Kansallis House - Place de l'Étoile  
B.P. 2174, L-1021 Luxembourg  
R.C. Luxembourg B 19061

## NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of the Shareholders of Fidelity Orient Fund, a Société d'Investissement à Capital Variable, will be held at the Grand Ducal Palace of Luxembourg, at 11.00 a.m. on December 28, 1998, specifically for the following purposes:

1. Presentation of the Report of the Board of Directors
2. Presentation of the Report of the Auditor
3. Approval of the balance sheet and income statement for the financial year ended August 31, 1998
4. Discharge of the Board of Directors and the Auditor
5. Election of five (5) Directors, specifically the re-election of Messrs. Edward C. Johnson M. Barry R.J. Bannerman, Charles A. Fazel, Jean Hamelin and Helmut Fries van den Hoven
6. Election of the Auditor, specifically the re-election of PricewaterhouseCoopers, Luxembourg
7. Consideration of such other business as may properly come before the Meeting.

Approval of items 1 through 7 of the agenda will require the affirmative vote of a majority of the shares present or represented at the Meeting with no minimum number of shares present or represented in order for a quorum to be present.

Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to ownership of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares, each share is entitled to one vote. A Shareholder may, at the Meeting, act by proxy or by any other person or persons authorized to do so.

Dated: November 24, 1998  
By Order of the Board of Directors

Fidelity Investments

09/11/2015



FINANCIAL SERVICES AUTHORITY WATCHDOG ANNOUNCES DEPARTURE OF CHIEF OPERATING OFFICER

## City regulator loses top executive

By Jane Martinson, Investment Correspondent

The Financial Services Authority, the City of London watchdog, surprised the City yesterday with the announcement that Richard Farrant, chief operating officer for just over a year, was to leave.

The decision, which was announced as a large part of the organisation was preparing to move into new premises in London Docklands district, was taken after a review of the organisation's structure.

One senior investment banker said: "This is a serious loss to the FSA. Richard

Farrant was a very able fellow."

Mr Farrant, previously chief executive of the Securities and Futures Authority, one of nine organisations being folded into the FSA, is the most senior departure to hit the new regulator.

The only other notable departure - Simon Stockwell - also came from the SFA. At the time, SFA insiders spoke of resentment at the positions being handed to staff at other regulators.

Others suggested yesterday that Mr Farrant, 53, had felt the job, chiefly to oversee the organisation and running of the new authority, had diminished in impor-

ance. In contrast, the two other managing directors, in charge of supervision and authorisation respectively, have taken much higher profile roles in the past year.

Howard Davies, chairman of the FSA, said yesterday that he was very grateful to Mr Farrant but that the organisation "needed a different distribution of responsibilities".

Mr Farrant said: "What I am doing seems to me best for the organisation." He said that at the end of January, when some 2,000 from the nine organisations had all been brought together in one building, was the right time to leave as he was not the

right person to oversee the next phase of reorganisation. "I came to the conclusion that we needed an outsider with commercial experience and fresh blood," he said. Mr Farrant, who is to be paid for his 12-month notice period, has spent a career as a regulator.

As chief operating officer Mr Farrant has largely managed the complicated move to Docklands and the new systems needed.

Most of his responsibilities are to be taken over by Paul Boyle, who was appointed as number two to Mr Farrant in September from Cadbury UK, where he was finance director.

Mr Farrant said the organisation may appoint another managing director to replace him. "You can say there is a gap in the structure which they will wish to fill. But they don't want to hurry it," he said.

City practitioners were surprised by the reasons for the departure as well as the timing. One banker said: "There's no sense in it at all."

Mr Farrant said that he was considering all options for work after a period on "garden leave". "I may find I am not in demand, in which case I will spend more time with my family," he said.

## Railways 'too old to fear systems bomb'

By Charles Batchelor, Transport Correspondent

Rail passengers in Britain have little to fear from the millennium bomb because most of the signalling and control systems on Britain's rail network are so old they were installed before computers were in use.

Travellers familiar with 30-year old trains and mouldering station waiting rooms will need little persuading of the antiquated condition of much of the railway.

But official confirmation has come in the shape of a report by the Health and Safety Executive. "The railway industry's vulnerability to year 2000 safety problems is low," the HSE's railway inspectors said. "Owing to the age of much of the railway infrastructure, the great majority of signalling systems do not employ computers or other programmable devices in a safety role."

Most of the signals on the main line railway and London Underground are controlled by mechanical or electromechanical technology, the inspectors said.

Where more modern systems are in use, the software has been developed and tested according to strict rules designed to minimise the risk. Date-dependent functions and calendars have been excluded from these systems.

Computers are used extensively in other rail systems but these are less safety-critical. The area of greatest concern is emergency signalling support systems.

These are essentially communications systems using standard telephony technology to tell drivers by voice messages to proceed, but they also provide contact with the emergency services.

Their malfunction could contribute to an accident by wrongly contacting speakers but this would also require a breakdown of other procedures used by operators, the inspectors said.

The systems that supply power to ventilation systems, air-conditioning and drainage pumps could be vulnerable to failure but their loss would not have immediate safety consequences.

The government has increased its funding for local authority transport schemes by 60 per cent to £138m (£224m in 1999-2000). The money will go to integrated programmes to improve facilities for pedestrians, cyclists, buses and motorists. London has been allocated a further £7m for integrated transport measures including an increase of £1m for the bus priority network and £500,000 for the cycle network.

The increase in money for local transport schemes was welcomed by the Friends of the Earth and the Council for the Protection of Rural England. However, the CPRE said too much money was still tied up in commitments made by the previous government to road-related projects.

The British Road Federation said funding for all local transport including road and bridge maintenance had fallen from its peak in 1988-94.

## Late-night breakthrough on Irish deal

By John Murray Brown in Dublin

It took 18 hours of negotiations before David Trimble and his SDLP counterpart, Eddie McGrady, came together to announce agreement early yesterday morning on the 10 ministerial departments to run Northern Ireland, and the six cross-border bodies linking the region with the Irish Republic.

Mr Trimble, the Northern Ireland secretary, described it as "a brilliant outcome and a major step forward in implementing the (Good Friday) agreement".

Mr Trimble, the region's first minister, yesterday won "overwhelming endorsement" from his Ulster Unionist party executive yesterday, where a motion critical of the agreement sponsored by Willie Ross, the dissident east Londonderry MP, was defeated by more than two to one. Mr Trimble told advisers afterwards: "We're still in business."

The proposed government structures still have to be endorsed in early January by a full session of the assembly, where unionists in favour of the agreement are in a five-seat majority.

Under the April peace terms, Mr Trimble would need 40 per cent of unionist support for the deal to go ahead, although in practice



The first paramilitary gun handed over is destroyed in a Northern Ireland workshop yesterday. PA

he is unlikely to press ahead without a majority of unionist members.

With the assembly operating in shadow form, the timing of the first meeting of the executive remains in the hands of Mr Trimble. The UUP is insisting on some decommissioning by the IRA

before Sinn Féin can take its seats.

But the late-night breakthrough paves the way for powers to be transferred to the assembly on time in February. "I would rather not say that we did well or they did well. What we have achieved is a balanced agree-

ment that is good for everyone in Northern Ireland," said Dermot Nesbitt, UUP assembly member and key Trimble aide.

The deal was finalised after the UUP agreed to 10 government departments instead of the current six. Under the 'Bonnit' system of

allocating ministries, this will give Sinn Féin, the IRA's political wing, two seats in the executive.

Unionists had initially argued that to save costs it made sense to limit the ministries. However, nationalists argued that any number less than 10 would have meant only one Sinn Féin seat and have given unionists more seats than nationalists.

The key economic portfolio is split into finance and personnel, and enterprise, trade and investment. In addition, Mr Trimble and his nationalist deputy first minister Seamus Mallon, of the Social Democratic and Labour party, will run an economic policy unit, and have special responsibility for equality issues - a key Sinn Féin demand.

"Our concern was that unionists would end up holding the purse strings, while we would be left to close hospitals and schools," said a Sinn Féin negotiator.

However, the key horse-trading centred on the composition of the cross-border bodies, with the UUP anxious to limit the scope of what many unionists see as the embryo of an all-island government.

Nationalists agreed to unionist demands that the number of "implementation bodies" be limited to six, the minimum mentioned in the Good Friday agreement.

CITY RULING MAY ALTER FIRMS' STRUCTURE

## Highest court issues ruling on client protection

By Jim Kelly in London

The Law Lords, sitting as the highest UK court, yesterday delivered an historic judgment on the use of so-called Chinese walls to protect client information that could change the way accountants, lawyers, bankers and other professionals organise their businesses.

Lord Millett said: "In my opinion an effective Chinese wall needs to be an established part of the organisational structure of the firm - not created ad hoc..."

The Law Lords were giving their reasons for granting an injunction to Prince Jefri, the disaffected younger brother of the Sultan of Brunei, stopping KPMG, the Big Five firm, helping investigate the troubled sultanate's finances. Prince Jefri said there was a danger KPMG, which had once been his personal accountants, might inadvertently leak information to his new clients in their investigation that was, he said, aimed at blaming him for missing funds.

The Lords yesterday set out five tests that had to be met when setting up Chinese walls:

- Physical separation of departments - including details such as not having the same canteen.
- Education programmes for staff.
- Strict rules when it is felt right to cross the wall.
- Policing by compliance officers.
- Disciplinary sanctions.

Christopher Grierson, of

Lovell White Durrant, the law firm that represented Prince Jefri of Brunei, said: "This is a landmark ruling with profound implications for the way the City conducts its business."

"In effect he is saying that you can't make Chinese walls up as you go along - they have to be part of the business," said another lawyer tracking the case.

The Law Lords said all professionals in such situations had the same strict duty to protect clients from any risk of a leak. "Effectively this is new law and means that we have to make sure there is no risk at all in such situations in forensic departments," said one senior executive at one of the Big Five accountancy firms.

Lord Millett said it was one thing to erect Chinese walls between audit, tax, corporate finance and other departments in a large firm. "But it is quite another to attempt to place an information barrier between members all of whom are drawn from the same department."

He said it was especially difficult to erect barriers in litigation departments. "Forensic accountancy is said to be an area in which new and unusual problems frequently arise and partners and managers are accustomed to share information and expertise."

His comments are likely to lead to a wholesale review of the way in which forensic services are provided by a wide range of professionals.

## TV company fined \$3m over drugs documentary

By Cathy Newman in London

Central Independent Television, an offshoot of Carlton Communications, has been fined a record £2m (\$3.2m) by the Independent Television Commission watchdog over a documentary on drug running broadcast two years ago.

The ITC imposed the penalty for "grave breaches" of its Programme Code in the documentary made by Carlton UK Productions. The fine was only the second imposed on a commercial terrestrial broadcaster, and far exceeded the previous penalty of £500,000 levied on Granada in 1994. That reflected the "degree of deception of viewers" and the "unprecedented breach of compliance", Sir Robin Biggam, ITC chairman, said yesterday.

The watchdog said it had told the board of Carlton,

which is one of the biggest ITV owners, that it had "seriously considered" shortening Carlton's licence.

The documentary, broadcast in the UK in October 1996, claimed to reveal a new route for drug running into the country. However, the ITC found evidence of a new heroin route "does not exist", and that so-called "drug-runners" were acting the parts and "heroin" shown was actually sweets.

Nigel Walmsley, director for broadcasting at Carlton, said the ITC's findings were "in line" with those from the independent panel revealed by the broadcaster when allegations about the programme surfaced in a national newspaper.

The ITC emphasised that the incident should not discourage broadcasters from producing "high quality documentary programmes on

international topics", but added that it would have "no hesitation" in shortening Central's licence if similar errors were made on other programmes.

This week, Don Christopher, the man responsible for ensuring Carlton's programmes comply with the ITC's programme codes, resigned "as a matter of principle" following the publication of the independent panel's report. All senior staff connected with the documentary are no longer with the company, although Carlton has always emphasised their departure was not linked to allegations about the programme.

● Jane Root, who is in charge of commissioning programmes from independent producers at the BBC, has been appointed as the new controller of BBC2. She is the first woman controller of a BBC television channel.

## Opera house drama reaches its final act

Good news at Covent Garden where the opera and ballet companies' funding has increased. Antony Thomcroft reports

Signs of an end to the long-running saga of the Royal Opera House in Covent Garden, London, emerged this week in a carefully orchestrated burst of good news.

First, the Arts Council of England announced substantial increases in its funding of the Royal Opera House over the next three years. Then, Michael Kaiser, the house's new executive director, confirmed that music director Bernard Haitink had withdrawn his resignation. And, finally, he announced that the Royal Opera would perform at Sadler's Wells in London next year after all.

Gerry Robinson, Arts Council chairman, raised the grant to the Royal Opera by 21 per cent next year to £8.85m (£14.65m) while the Royal Ballet gets the same level of increase, to £7.17m. In 2000-01, the first full season in which the two companies will be performing in their new house, undergoing a £214m modernisation, the subsidy rises appreciably, from £16m to £20m, with more promised for 2001-02.

There is a price to pay for this generosity: Mr Kaiser has pledged that most seat prices in the new house will be reduced by at least 20 per cent. Tickets will be available only through the box office. This concession will consume most of the extra subsidy, and is practicable only if corporate friends of the house pay more for their seats.

In addition, the Royal Opera House must improve its educational programme and widen its coverage through more use of television and the electronic media. Workshops by the Royal Ballet at the new Studio Upstairs will also be open to the public.

Mr Kaiser, who arrived at Covent Garden last month from American Ballet Theatre with a reputation as a money-raiser, must also deliver, ensuring that the Royal Opera House brings in £100m of private money towards its redevelopment. It has already raised £79m.

The future of the Royal Opera House was never really in question. The government has given £78m in lottery money to the new building, and London needs an opera house with an international reputation.

"There is no doubt we underfund the opera and ballet in London," Mr Robinson said. "With a new management team at Covent Garden we want the Opera House to reopen on time and within budget and to produce the best opera and ballet in the world."

To get the higher grant from the government the Royal Opera House had to win more flexible working agreements with trade unions for the new house. All the agreements have

been concluded, but are not yet signed.

With the financial situation clearer Mr Kaiser has been able to reinstate 10 performances by the Royal Opera of *Paul Bunyan* at Sadler's Wells next April. Plácido Domingo, a good friend of Covent Garden, will give a *Zorzeola* concert at the Barbican on April 25.

The broad outlines of the deal announced this week were probably sketched out almost a year ago when Chris Smith, chief culture minister, promised Sir Colin Southgate of EMI, the new Covent Garden chairman, extra money if he could sort out the labour problems and, over time, eliminate the deficit, rising to a planned peak of £20m by March 2000.

In the event the unions, in particular the Royal Ballet, achieved a better deal from management than anticipated, and the increase in subsidy is below the £20m a year Sir Colin wanted. But the compromise contains enough for all involved to attempt to make it work.

## NEWS DIGEST

## BCCI COLLAPSE

### High Court rulings mean \$100m for creditors

Liquidators to the failed Bank of Credit and Commerce International said yesterday that about \$100m had been made available to distribute to creditors following two rulings from the High Court in London. The court is considering a number of actions involving former employees of BCCI.

A judge ruled that those who had signed a release when made redundant by BCCI in 1990 could not pursue claims. This affects claims totalling £75m (\$124.5m) from 130 employees. He also said £4m of staff loans to 690 employees were not regulated by the Consumer Credit Act meaning the money could be reclaimed by the liquidators. The main action - which involves employees claiming that stigma attached to BCCI's collapse stopped them getting new jobs - will be heard next year. Jim Kelly, London

## GENETICALLY MODIFIED CROPS

### US group faces prosecution

The Health and Safety Executive announced yesterday that it intends to prosecute Monsanto, the US life sciences group, for releasing genetically modified oilseed rape at a test site in north-east England. The HSE suit against Monsanto and Perryfields Holdings is the first announced by the UK government for breaching requirements intended to protect surrounding plants against cross-pollination of a GM crop.

Monsanto said it would not contest the case. It said that the breach occurred when part of a six metre "pollen border" was cut down by one of the contractors conducting the trial. "We don't have control over the trials. A third party conducts the trials for us," said the company. Friends of the Earth, the environmental lobbying group, which has previously criticised the government for "shambolic failures" in its monitoring of such tests, welcomed the decision. Rahul Jacob, London

## SURVEY OF SMALL BUSINESSES

### 'Unaware of euro launch'

Only a quarter of small and medium-sized businesses in the UK are aware that the single European currency is being launched on January 1, according to a survey released by Customs and Excise yesterday. The Customs said that only 13 per cent of small and medium-sized businesses had made preparations for dealing with the euro, which will be the common currency of 11 European countries, although notes and coins will not enter circulation until 2002.

"The euro is not just another currency but a new way of doing business," said John Moscrop, single currency programme manager for Customs. "Euro invoicing is arriving like a waterfall through UK industry." Many European customers or suppliers of UK companies will start invoicing in euros from January because, being in a single currency zone, they will not accept exposure to the sterling exchange rate, he said. Christophe Jakubyszyn, London

## INWARD INVESTMENT

### French pharmaceutical project

French pharmaceutical maker Sanofi is to invest £89m (\$114.5m) over the next five years in modernising its factory in Newcastle upon Tyne, north-east England. The project, which is receiving a £5.5m regional selective assistance grant from the UK government, will increase Sanofi's capacity for production of its recently launched products Aprovel, for high blood pressure, and Plavix, for the prevention of heart attacks and strokes. The Newcastle factory, Sanofi's sole UK manufacturing base, makes all its dry form products sold in the UK and exports products to about 100 countries. Chris Tighe, Newcastle upon Tyne

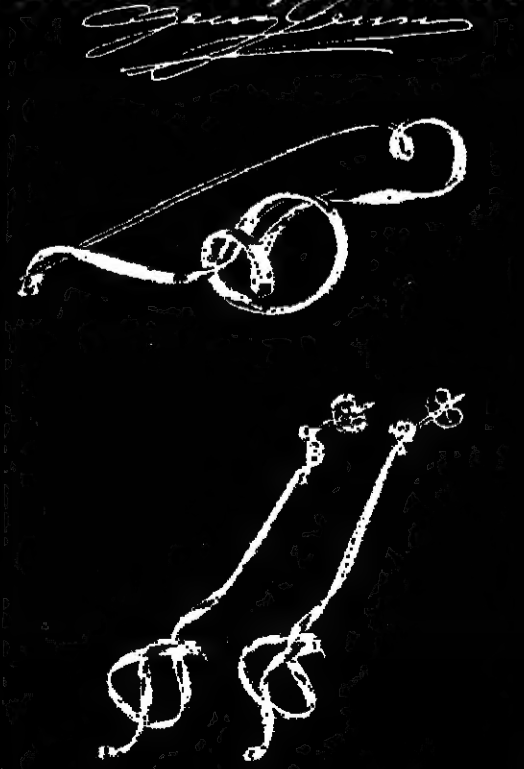
## SOTHEBY'S AUCTION

### Titanic card fetches \$24,000

A postcard from the doomed liner Titanic written by a teenage passenger was sold at a Sotheby's auction in London for £14,375 (\$23,860) yesterday. It had been expected to make £800. Second-class passenger Edith Brown, 16, wrote the card, titled White Star Line RMS Titanic, to her stepfather in South Africa. The card was still in her pocket when the ship heading from England to the US sank on its maiden voyage in 1912. She survived by jumping into a lifeboat as it was being lowered into the water, disobeying the orders of a crewman who warned her she would "upset the balance".

The slightly water-stained card reads: "We are just sailing today by this boat for New York... 4,000 ton... EB." The card eventually reached its destination. It was bought yesterday by Thomas Rogers, the owner of a shipping services company in Belfast, the Northern Ireland city where the Titanic was built.

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## COMMENT &amp; ANALYSIS

## FINANCIAL TIMES

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Saturday December 19 1998

## Greenspan's asset markets

The US stock market is preventing global recession. If US consumers are to continue spending with vigour, equities may have to rise to yet more dizzying heights. This is frighteningly reminiscent of the political economy of the Japanese bubble of the late 1980s, on a global scale. For Alan Greenspan's Federal Reserve it also creates a horrible dilemma.

The latest *Economic Outlook* from the Organisation for Economic Co-operation and Development estimates a 4.7 per cent expansion in US private consumption in 1998, accompanied by an 8.9 per cent increase in gross fixed investment. The resulting 5 per cent increase in domestic demand offsets a deterioration in the external balance of 1.6 per cent of gross domestic product. The result is GDP growth of 3.5 per cent and a boost to output in the rest of the world.

Unfortunately, the US current account deficit cannot continue at 3 per cent of GDP indefinitely. Moreover, with equity markets fully recovered from the turbulence of August and September, valuations are once more at unprecedented levels.

These high market valuations are driving the buoyant US spending, because households feel richer, they save less; because corporations find their assets more valuable, they build new ones. Research at the Federal Reserve suggests that the decline in US net private savings that lies behind the strong growth in domestic demand is largely explained by the increase in equity values.

What lies behind the high prices of US equities? A part of the answer is the performance of the economy; another is one and a half decades of bullish markets. But a big part must be the conviction that they are underwritten by the Fed in order to sustain the expansion in domestic demand.

The most revealing indication was the Fed's decision to cut the federal funds rate three times - in late September, mid-October and again in mid-November - by a total of three quarters of a percentage point, even though broad money continued to expand strongly. This policy was aimed at the security markets. It worked.

## Asset price bubble

A close parallel is not hard to find. In the late 1980s the Japanese monetary authorities also encouraged an aggressive monetary expansion that fuelled an asset price bubble. This too was

driven by the priority given to increasing domestic demand. The asset price inflation was, in effect, a solution, not a problem. And, for a while, it worked. But it also left Japan with horrible withdrawal symptoms.

## Supply the fix

For the Federal Reserve similar dilemmas may well arise, as it seeks to sustain the growth in US demand.

In view of what is happening in the world economy, the Federal Reserve has to supply the fix. But it too must worry about the ultimate fate of the junky.

Critics of the Fed argue that the dependence of both the US and world economies on these very strong asset markets is its fault. If it had not been willing to allow the "irrational exuberance", identified by Mr Greenspan as far back as 1996, the balance of the economy would be far healthier today, they argue. Investors would have been better aware of the underlying risks, and the shocks of the past year and a half would have been correspondingly smaller. Today, therefore, the Fed could have had its cheap money policy without worrying about what it was also doing to asset prices.

The response is that a bubble is only ever obvious in retrospect. Domestic inflationary pressures in the US have remained weak, and judging how to prick an asset price bubble is impossible. If one is also determined not to destabilise the economy, for all these reasons, the Fed could only warn of the risks, as it did. It could also look at the implications of asset price movements for domestic demand and inflation in framing its monetary policy, as it also did.

This is a highly defensible point of view. But it has left the Fed with three big worries today. First, investors believe that in current circumstances, sustaining high asset prices is an implicit aim of monetary policy. Second, because they believe this, the risks they are prepared to assume are likely to grow - and grow. Third, if or when the price adjustment ultimately happens, the Fed may find itself trying to sustain demand in the teeth of a huge contrary wind.

Households that have lost a vast amount of paper wealth must save. Then monetary policy may prove almost as ineffective in the US as now in Japan. The parallel may seem inconceivable today. Alas, it is not.

Could Saddam Hussein be toppled? It has been nearly eight years since the Gulf war coalition drove the Iraqi strongman out of Kuwait and devastated his country. For most of that time, draconian United Nations sanctions have deprived him of \$120bn in oil income and set Iraq back decades. Yet after all this containment - and three US military strikes - getting rid of Mr Saddam by pounding the country has remained a hope rather than a probability.

Now, after repeated crises in Iraq's relationship with the UN, the US seems to have come to the conclusion that another effort must be made to destabilise the regime and bring Mr Saddam down. Both President Bill Clinton and Tony Blair, the UK prime minister, have been talking about the desirability of a new regime in Baghdad.

But how plausible is that? What are the sources of Mr Saddam's power that would have to be overcome?

His survival can be ascribed to domestic factors as much as to the political gains he has won by taking advantage of the incoherence of western policy since the Gulf war.

The most striking domestic expression of his power is a personality cult so excessive and badly staged that it often gives Iraqis the sense of living in some kind of a farce.

They only need to look up in public to find Mr Saddam watching over them. At a chicken farm, he is dressed as a chicken farmer. At a fire station, his portrait, which can be the size of a building, shows him as a fire fighter. His sayings, mostly simplistic revolutionary banter, are plastered in schools, hospitals or street signs, where he cautions drivers, for example, that "discipline begins on the road and ends in battle".

This farcical veneer is a source of private jokes in Baghdad but well make some outsiders think the regime might be vulnerable. Underlying it, however, is a shrewd and ruthless rule that has ensured for the past 30 years that it is Mr Saddam who gets the last laugh.

Internally, his rule relies on a centralised command run by a largely Sunni Muslim inner circle drawn mostly from the Iraqi president's home town of Tikrit, north of Baghdad, and a group of loyal Ba'ath party subjects who have been companions for decades.

One son, Qusay, is the key figure in supervising the armed and security forces. Another, the homicidal Uday, oversees the smuggling network which, under sanctions, has given Mr Saddam a limited but essential source of income.

It is assumed that any attempt to topple Mr Saddam would come from within the inner group. But its members (aside from his immediate family) have learned from past experience that any hint of conspiracy is met with violent reprisal.

The armed forces, from where another potential threat to Mr Saddam could come, have been divided into various groups with different reporting lines. According to Jane's Defence Weekly, there are (apart from the Iraqi

## MAN IN THE NEWS SADDAM HUSSEIN

## Uneatable vs unspeakable

As Operation Desert Fox continues against Saddam Hussein, Roula Khalaf asks how vulnerable he might be



Personality cult: Wherever Iraqis look, he looks back at them

Magnum

army), three important groups, the Special Republican Guard, the Republican Guard and Fedayeen Saddam. They all report directly to the presidential palace rather than the ministry of defence and are charged with guarding Mr Saddam and his entourage.

Decimating the three institutions has always been an important goal of US aerial bombardment. But Mr Saddam may, as on previous occasions, have dispersed them enough to ensure their partial survival.

Iraq's many intelligence services, meanwhile, have the task of eliminating any sign of opposition to Mr Saddam, but they also work to keep checks on each other. They are closely monitored by special bureaux, specifically set up to ensure that the intelligence community stays in line. The Ba'ath party, although

stripped of any real power, is used by Mr Saddam to maintain a basic level of indoctrination. The party penetrates society so deeply that it has offices in schools and universities, where it preaches loyalty to Mr Saddam and a radical pan-Arabism that is a throwback to the Middle East of the 1930s.

The Iraqi leader, however, has not relied on fear and paranoia alone to protect his regime. Clan members, Ba'ath party loyalists and security forces are part of a selective system of patronage, which the US has long hoped would erode under sanctions and encourage the inner circle to rebel.

Yet Mr Saddam has managed to draw on hidden assets and several hundred million dollars earned yearly from smuggling to keep the elite from turning against him. Indeed, many of

them, including influential tribes and security forces, are directly engaged in the smuggling. Paradoxically, the fortunes accumulated have increased their stake in keeping Mr Saddam in place.

Moreover, Mr Saddam has gained advantage from Iraq's ethnic and sectarian make-up. He is a Sunni-Muslim. More than half the population is made up of Shi'as who are largely excluded from power. The Kurds in the north have always fought for autonomy. A strong Sunni rule is therefore seen as the safest way to keep Iraq together. This has in the past been a big factor behind the west and the Arab world's reluctance to push for a change of government in Baghdad.

Mr Saddam has also proved skilful in exploiting the divisions of the Iraqi opposition, made up of no less than 70 different dis-

sent groups operating in exile. As one Baghdad diplomat puts it, "when two of them are conspiring, there is always a third running to tell Baghdad".

Some Shia armed groups periodically fire at party officials on the road from Baghdad to the southern port of Basra; foreign envoys in the Iraqi capital are advised to avoid driving along the route after dark. But diplomats insist these are isolated incidents. "The desert in Iraq is difficult for guerrilla warfare," says one diplomat. "Without outside help, Saddam will decimate these groups."

The west's inability to organise an effective opposition and commit itself to assisting it, has been one of Mr Saddam's strong cards. But it is hardly the only western policy difficulty he has exploited.

Consider how he has manipulated the comprehensive economic embargo. The sanctions have stopped Mr Saddam from indulging his obsession with building Iraq into a regional military power. But as US and UK leaders insist, they have not prevented him from holding on to an arsenal of deadly weapons, an essential tool to maintaining the aura of fear at home.

Instead, the sanctions destroyed Iraq's economy and impoverished a middle-class that might have formed the basis of an organised opposition, spanning Iraq's ethnic and sectarian map.

This leads some UN diplomats to predict that the chances of toppling Mr Saddam would increase if sanctions were to be lifted, since the rebuilding of Iraq's economy would place enormous strain on the regime. This would also prevent him from blaming the country's woes on the US or the UN.

For another unfortunate by-product of the sanctions policy has been Mr Saddam's ability to deflect criticism at home for Iraq's fate. The suffering of Iraqi children has raised sympathy in the Arab world, which also holds the international community as responsible as the Iraqi leader.

Furthermore, as the Russian and Chinese opposition to the US military operation this week has highlighted, the sanctions have split the UN security council and shattered any notion of a united western policy towards Iraq.

Mr Saddam's internal hold on power and political manoeuvring clearly do not provide him with long-term security, nor guarantee his regime's stability. For now, however, the real fear in Baghdad is not that he might be deposed from power. It is that the US and UK raids will fuel a state of chaos and encourage disparate groups or deprived individuals to venture into a disorganised uprising.

The chances of this eventually bringing a change of government in Baghdad, however, is as likely as the prospect of Mr Saddam lashing out against his people in another bloodbath.

To many Iraqis' chagrin, they have no choice but to contemplate the idea that the day after Operation Desert Fox, Mr Saddam's perverse portraits and surviving monuments will remind them that he remains omnipresent in their lives. And that he has staged yet another tragic farce on them and on the US.

## LETTERS TO THE EDITOR

## Happy indulging pleasurable vices

From Mr Matthew Johnston.

Sir, After reading Joe Rogaly's article on the evils of tobacco manufacturing ("The consciences that go up in smoke", December 5-6), I was struck by an important omission. He neglects to consider that some individuals are happy to exchange longevity for immediate pleasure. In fact, most people are prepared to sacrifice some degree of health in order to satisfy a pleasurable vice, which is why tobacco, alcohol and fast food will always be with us.

If Mr Rogaly is sincere about understanding tobacco use from the libertarian mode, perhaps he should read *For Your Own Good* by Jacob Sullum. It will help him understand that good health is not an absolute, but the freedom to peacefully seek out pleasure must be.

I would also add that anyone concerned with freedom should not tempt politicians with prohibitionist ideas in regard to tobacco advertising. In Canada, the government is pursuing a complete ban on tobacco advertising. The debate in parliament is tempered only by a five-year phase in policy intended to allow the organisers of sporting and cultural events time to find alternative advertising revenue.

Well-respected opinion-makers such as Mr Rogaly give strength to this attack on freedom of expression with their vilification of tobacco producers.

Matthew Johnston,  
House of Commons,  
610 Confederation Building,  
Ottawa, Ontario K1A 0A6,  
Canada

## Labour mobility a vital reason to defer Emu

From R.A. Christie.

Sir, Brian Reading ("Dissonant notes when harmony is out of tune", December 5-6) highlighted that the single currency should be delayed until demographic trends in Europe are in harmony. Labour mobility is another vital factor in favour of a deferral.

The US accommodates regional downturns through, mainly, labour mobility and, partly, a pricing adjustment to local resources - lower wages and property prices. This mobility is the consequence of a relatively young population, a fairly uniform language and education system, a comprehensive air transport infrastructure, and elastic property markets.

It may be 10-15 years before greater cultural integration and an improved regional air transport system provide sufficient labour mobility in Europe. In the meantime, the single currency will result in significant pain for communities which suffer an economic downturn.

For instance, the effects of economic and monetary union should be quickly seen in Britain where instead of interest rates of 8.5 per cent and a high exchange rate to cool its buoyant economy, the country is about to experience rates of 3 per cent with high house price and wage inflation, followed by a sharp decline in competitiveness.

This is good news for those with the wherewithal to profit

from the short-term boom; more uncomfortable, however, in two to four years' time for families caught by the consequences: loss of local employment to low wage areas, over-priced housing, and no adjustment mechanism via the exchange rate. The parents will face three options: substantially lower wages, long-term unemployment or the grim prospect of committing to work in continental Europe.

Unless the single currency is preceded by cultural integration, the enormous and inequitable burden on certain communities could produce a destructive and fatal nationalistic backlash.

R.A. Christie,  
32 Savile Row, London W1, UK

## 'Ghost' of Club of Rome still walks, with a change of views

From Mr Patrick Fuss.

Sir, I disagree with your leader regarding statements made by the Club of Rome in the 1970s ("Oiling the wheels of deflation" (December 12-13)). It is correct that the knowledge about oil resources has increased since then, especially as the breakdown of the former eastern bloc has established access to resources there. Many western companies have taken the opportunity to exploit fields in this region at prices below normal. Nevertheless, it is known that resources are limited, although the "limit" cannot be precisely estimated yet.

The Club of Rome has changed its views since the initial state-

ment in the 1970s. The overall statement still focuses on "limits of growth", but from a different point of view. To my understanding the limiting factors are not decreasing resources but exploitation of the environment in general. Your call to compensate the low prices by increasing taxes in order to prevent damage to the environment is exactly what is in discussion at present as "environmental" or "energy taxes".

Fortunately, the ghost of the Club of Rome has not been laid to rest - it is living, even in your leader.

Patrick Fuss,  
Johann-Gutenberg-Strasse 5,  
61273 Wehrheim, Germany

## Can this be the same Mr Blair?

From J.P. Kingett.

Sir, Why is it no surprise to find Tony Blair warning European Union leaders that "the replacement for duty-free is unworkable and should be suspended until new arrangements are worked out"?

Is this the same Tony Blair who cannot even wait for a Royal Commission on the House of Lords to be set up before getting rid of the present chamber?

What price credibility now, Mr Blair?

J.P. Kingett,  
104 Hinton Wood Avenue,  
Christchurch,  
Dorset BH23 5AL, UK

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FINANCIAL TIMES

No FT, no comment.



## Between Iraq and a hard place

Gerard Baker on the decline of bipartisanship in US politics

It would be an extraordinary act to impeach a commander-in-chief while his troops are risking their lives. But that is what is likely to happen. As American forces continue their attacks on Iraq, their representatives in Washington are today preparing to vote to impeach President Bill Clinton, and send him for trial in the Senate, charged with high crimes and misdemeanours.

To Democrats the action is outrageously unpatriotic – almost calculated to give succour to Saddam Hussein, almost an act of treason. But the greater significance of this week's tumultuous events is what they say about the damage done to the American political system. The credibility of a president and the authority of a Congress have both been put on the line this week – and it is not clear whether either will survive it.

The television pictures caught the extraordinary juxtaposition yesterday better than any rhetoric. Every so often the screen divided to carry pictures of explosions over Iraq or American warplanes taking off from aircraft carriers in one box, and Republican members of the House delivering their philippics against the president in another.

As some members pointed out, the spectacle was not so unprecedented. In 1974 Congress moved ahead with the impeachment of Richard Nixon, even as American troops faced far greater danger in their continuing war in Vietnam. And while Democrats fretted that it would send the wrong signal to America's enemies, others said it surely captured the essence of American democracy. The constitutional process must go forward – the president must answer like any citizen for his alleged crimes, even while he is conducting a war.

But there was no disguising the brutal reality that this week's remarkable events laid bare. The presidency of Bill Clinton is now entangled in a crisis of his own

credibility. This was the week that saw traditional bipartisan support for a president's orders for a military strike disintegrate. Trent Lott, the Senate majority leader, was not alone in expressing his outrage at the timing of the decision to bomb Iraq – 16 hours before the scheduled start of the impeachment debate. A large number of Republicans inside and outside Congress privately expressed similar reservations. Five House members even voted against an anodyne bipartisan resolution backing the use of force against Saddam Hussein. One former Republican secretary of state said the timing of the attack "stinks to high heaven".

But the problem of the president's credibility goes well beyond the extreme views of those fanatically anti-Clinton Republicans who suspect *Wag the Dog* scenario – a reference to the film in which a president invents a phony foreign war to distract attention from a sex scandal. The events of the last week are the culmination of a mounting distrust that has built up over the past few years between Mr Clinton's administration and his political opponents. Whoever is responsible, the distrust diminishes the president's authority to act.

To Mr Clinton's supporters, the problem is not really with the president's own credibility or his legitimacy to govern. They point out that he still enjoys overwhelming popular support. The public, by a large margin, does not want to see him impeached and stand trial in the Senate over the Monica Lewinsky affair. Polls this week suggested the people rejected outright any notion that the war on Iraq was begun for reasons of domestic political convenience.

Democrats say the problem is that the acrid spirit of partisanship in Congress has become so extreme that it is undermining the basic consensus on which American government works.



Clinton: entangled in a grave crisis of his own credibility

Eight years ago, when the Senate debated whether to authorise the use of force for the first Gulf war, the vote was as close as it could have been. The resolution backing force passed by one vote. But once hostilities began, Democrats pointed out that they rallied behind President George Bush, whatever their reservations.

The polarisation of American politics, driven by demographic and other factors, means consensus is becoming harder to reach by the day.

Republicans are so consumed with hatred for Mr Clinton that they would even go so far as to undermine his role as commander-in-chief, Democrats say. "What happened this week was a mass surrender by the few remaining moderates in the Republican party to the extreme right wing," said one White House official.

The irony, of course, is that Mr Clinton won election in 1992 as a moderate Democrat. Most of his administration's successes have owed more to his ability to forge a coalition with moderate Republicans – on trade, welfare reform, the minimum wage, balancing the budget – than they have to his relationship with partisan Democrats.

The White House hopes that when, as seemed certain yesterday, Mr Clinton's fate came before the Senate, the more

moderate Republican senators would help find ways of rebuilding bridges between the administration and the Congress.

But that may still be difficult. For all the Democrats' complaints about partisanship, there is a genuine problem with Mr Clinton's ability to govern in the fevered circumstances of the moment. The president is in such extreme jeopardy because he lied. Whether the lie constituted an impeachable offence is open to question. But even moderate Republicans, who wanted to avoid impeachment, were uncomfortable at the prospect of letting off a man who had lied under oath in civil court, in criminal court and in public.

Worse still, in their view, the refusal to acknowledge that he lied and to atone for it means the lying in effect continues. The White House has, since the mid-term elections, seemed to have adopted the view that Mr Clinton is exonerated by his popularity. It is this entrenched mendacity, that for Republicans makes it so hard to accept what the president says about anything – even a justification for war.

"In this holiday season, we in our country... ought to practise reconciliation," said Hillary Clinton yesterday. But if a war cannot induce such a reconciliation, the country must be wondering, what will?

## No compassion in the Senate

Mark Suzman on the man in command of President Clinton's fate

He is the man who said Michel Camdessus should resign as head of the International Monetary Fund because he was "a socialist from France". He believes homosexuality is a "sin". But this week Trent Lott, the majority leader of the US Senate, may have gone too far, even by his own outspoken standards, when he criticised a foreign military operation even before President Bill Clinton had formally announced the air strikes against Iraq on Wednesday.

Mr Lott said he could not support military action "at this time". "Both the timing and the policy are subject to question," he asserted.

This is not because the Republican senator opposes bombing. Indeed, he is a well-known hawk on Iraq. The issue is one of timing. Operation Desert Fox came less than 24 hours before Congress was due to begin a debate on impeachment.

Mr Lott's comments were unprecedented. Not only did he pre-empt the president. He also violated one of the oldest unwritten rules of Washington politics: that political partisanship "stops at the water's edge".

"I think a lot of people were genuinely shocked by Lott's statement, even after everything that's happened," says one former White House aide.

Since the resignation of Newt Gingrich as House speaker, Mr Lott has become the most important Republican in Congress. Bob Livingston, Mr Gingrich's successor, has his own peccadilloes to atone for, and in any case is considered too inexperienced to lead the Republicans in Congress. So it has fallen to Mr Lott to take charge of the party's policy agenda and oversee preparations for the next stage of the impeachment saga.

There is irony in this. Back in 1974, as the youngest member of the House Judiciary committee, Mr Lott was one of the few congressmen who sided with Richard Nixon in the Watergate affair, opposing the articles of impeachment that triggered the president's resignation.

This time, Mr Lott is showing no mercy. The majority leader has indicated that Mr Clinton will face the ignominy of a Sen-



presidential material. (He says he is not interested in the job anyway.)

"[Lott's] been caught between radicals in the House and moderates in the Senate, which has made it difficult for him to do anything substantive," observes one Republican political adviser. "But he hasn't helped his own case with some of his tactics and statements."

Largely as a result, Mr Lott's national profile is low. In a recent survey, two-thirds of the public could not identify him.

That may be about to change. Although William Rehnquist, chief justice of the Supreme court, will preside over the anticipated impeachment trial in the Senate, many Republicans were looking to Mr Lott for leadership as the scandal moves into its next phase.

Can Mr Lott rise to the occasion?

He must be aware that a trial of the president in the Senate could be the defining moment of his career. The trial could last for as long as a year, and paralyse the workings of Congress for most of that time. But given that a conviction – which requires the backing of two-thirds of the Senate – is regarded as highly unlikely, many politicians are urging Mr Lott to agree to an alternative, such as a vote of censure and a fine proposed by Mr Dole earlier this week.

The Senate leader shows no signs of giving in to his critics. Including those of a more practical bent in the Republican party. He predicts a trial need take only between "three days and three weeks".

It could, of course, take much longer than that, but the possibility of mollifying Mr Lott is fading by the hour. For many months now, Mr Lott has argued that Mr Clinton forfeited his moral authority as a result of the Lewinsky scandal.

The imminence of the impeachment vote has suddenly transformed the lacklustre Mr Lott into the most powerful Republican in the land. But the timing of military action against Iraq appears to have dashed whatever lingering hopes the White House may have had of persuading the Senate leader to save the embattled president.

### THE CRISIS OF GLOBAL CAPITALISM (OPEN SOCIETY ENDANGERED)

George Soros

Published in the US by Putnam  
Price \$26.00

With financial crises abounding and questions being asked about just exactly what we think we are doing, there seems no better time than now to take a dramatic contrarian intellectual position. Markets are the enemy, regulate the beast, people first, and down with unfettered capitalism!

George Soros writes: "I wonder if you would be reading this book if I had not gained a reputation as a financial wizard?" Indeed. But even so, anyone looking for trading advice will be deeply disappointed: they would find more in the Bible or any How-To book. If you are thinking of a Christmas gift, this one would be for your mother-in-law.

A reader new to the writing of Mr Soros will be baffled. The argument

ranges freely, unconstrained by conventional discipline. One minute he writes about the pathology of financial crises, the next about a new role for the United Nations.

First comes a close-up of the Russian collapse, then he announces the forthcoming demise of capitalism (very soon, somewhat later, or perhaps not). He ranges from a critique of economics to an inquiry into the organising principles of a moral society, with capital controls thrown in.

The basic theme is that financial crises and social dislocation everywhere portend the possibility of a collapse of market capitalism and "the open society" (one capable of infinite improvement). The broad undercurrent is of doom and alienation.

"The institutions of representative democracy that for so long have functioned well in the United States, much of Europe, and elsewhere, have become endangered, and civic virtue, once lost, is difficult to recapture," Mr Soros writes. "... substitution of monetary values for all values is pushing society towards a dangerous disequilibrium."

## A model of confusion

Soros lacks the clarity of thought for his vast agenda, says Rudiger Dornbush

We are tearing our world apart, in finance and in politics; let good people stand up and get together to create a better society. This vast agenda would be too ambitious for the most brilliant thinker, let alone for Mr Soros, who is not gifted with clarity of thought or a golden pen.

The book is in three parts: a conceptual framework, a discussion of the current state of world finance, and an agenda for an open society. The first part is a rehash of Mr Soros's 1994 book, *Alchemy of Finance*, and it has not improved since. The central part deals with the emerging market crisis, and is well worth reading, in particular the incisive criticism of the International Monetary Fund. The concluding part offers a sanctimonious elaboration of the notion that markets undermine intrinsic values.

Like Einstein, who took pride in having failed high school, Mr Soros makes

much of not keeping up with financial economics. He tells us his own financial success shows that financial economics is useless. His offensive comments about Nobel laureates Milton Friedman and John Maynard Keynes – whose role in Long-Term Capital Management, the troubled US hedge fund, illustrates, according to Mr Soros, the uselessness of financial economics – are plain mean. The comments resonate poorly in his catchism for a better society. Enough said. Mr Soros has no clue about what is done in financial economics research, and his ramblings on this subject are at best an incoherent rendition of some common themes.

Mr Soros's theory of boom/bust comes closest to a useful guide on when to buy and when to run for cover. An elaborate dissection (p.62) offers eight identifiable phases, from the early discovery of an investment hypothesis to its maturing, the challenge, the

acceleration, the moment of truth, hanging on beyond belief, the downturn and the crash.

But beware of trying to apply this theory to the current cycle. A few chapters later, a new model comes up that "differs from the original boom/bust model, mainly in the complexity of its burst portion... The length of the burst bears testimony to the complexity of the global capitalist system."

Then we learn: "Models ought not to be taken too literally. There is nothing determinate about the course of history." So much for advice on when to sell and the creative use of hindsight.

Soros is most interesting in his analysis of the Asian crisis, the Russian collapse and the failure of the IMF. His account of what went wrong is to the point, lively and informative.

The IMF, he says, should have restructured Russia's debt rather than finance capital flight with inadequate

funds, only to trigger a collapse of both debt and currency. He is right, too, in having argued at the time for a currency board in Russia. The IMF did not have the guts to go along with this, and therefore failed. What went wrong in Russia then is being repeated now in Brazil.

The systemic reforms proposed here – an international credit insurance agency, capital controls, massive injections of liquidity for economies in trouble – are either grand or questionable.

One is more inclined to favour the suggestion of the Bank for International Settlements that countries should negotiate debt covenants that include a contingency-based lengthening of maturities. It would solve the problem of capital flight while maintaining a market-based orientation, and it could be done tomorrow. Equally interesting is Argentina's solution of offshore credit lines.



Soros: broad undercurrent of doom and alienation

Reuters

Unfettered capitalism has many cutting-edge critics. Social improvement has many worthy champions. Mr Soros is not interesting on either theme. Thank God he is an unselfish, generous, and genuinely creative

philanthropist: otherwise he would just be another rich, self-important bore. The author is Ford Professor of Economics and International Management at the Massachusetts Institute of Technology.



Outside the entrance to FAO Schwarz, New York's biggest toy store, a crimson rope snakes its way along the sidewalk to keep the frenzied queues of Christmas shoppers in line. There is just one problem. This year, there is no one behind it.

Something is amiss in toyland. Consumer spending is at record levels; yet this week, the biggest US toy maker, Mattel, warned of a drastic shortfall in sales and profits in the fourth quarter, saying orders had come "to a screeching halt".

Mattel's troubles, it turns out, are symptomatic of a deeper malaise. According to NPD, a New York market research firm, US toy sales are set to end the year 2 per cent below last year's levels – the first time they have fallen in years.

A clue to what is going on lies in Mattel's other announcement this week: that it had agreed to buy The Learning Company, the biggest US maker of educational computer software, for \$3.8bn.

Jill Barad, Mattel's chairman and chief executive, said the company

was not losing faith in Barbie or its other traditional toys. But the time had come to diversify, transforming Mattel from a toy maker to "a global children's products company".

Mattel's move reflects the uncomfortable reality that the market for traditional children's toys has matured. In spite of the annual craze for "must-have" products, such as Tickle Me Elmo or Furby, overall sales have been growing by no more than 3 to 5 per cent a year, even when times are good.

In one sense, this is counter-intuitive. Though the birth rate is declining, grandparents are richer, and living longer, than ever; and rising divorce rates mean children are often part of more than one family, enlarging the number of potential toy donors.

Yet the sad fact is that, for many children, toys are losing their magic. It is a

## Toys were us

America's largest toy maker says it wants to be 'a global children's products company'. Richard Tomkins explains what's happening in playland

syndrome described by the Toy Manufacturers of America, an industry body, as "kids getting older younger".

"What we are seeing is a compression of the time that one is allowed to be a young child," says David Miller, the association's president.

"Take the Barbie example. Children used to get their first Barbie at age five and play with it until they were nine. Today they probably get their first Barbie at three or four and play with it until they're six or seven, then go on to something more sophisticated – a video game, or a Tamagotchi electronic pet."

Gene Gilligan, executive editor of Playthings, a trade magazine, says: "We're seeing this especially in the action figure category. The perfect age for playing with action figures used to be eight to 11. But boys of that age are now spending more and more time on the

computer, and that's cutting into the time they spend playing with toys."

The figures tell the story. While retail toy sales are expected to decline from \$20.2bn to less than \$20bn this year, sales of video games are soaring: NPD expects the figure to rise nearly 20 per cent to about \$6bn. Sales of educational and entertainment software for computers are also rising rapidly. NPD expects volumes to rise by 10 to 15 per cent this year, so even after recent falls in software prices, sales are expected to rise by 5 to 7 per cent to more than \$1.5bn.

Dr Richard Chase, a research physician at the Johns Hopkins University School of Medicine and president of the New York-based Child Growth & Development Corporation, says one reason why children are growing up more quickly is they spend less time with their parents.

"Changes in the family and changes in society have left children more to their own devices than was the case 20 years ago, when parents used to shape those out-of-school environments more than they do now. That's tended to encourage children to become both more independent, and more dependent on each other," Dr Chase says.

Meanwhile, social pressures on children have reflected wider cultural changes towards a society in which information and communication technologies are playing an ever larger role in the lives of adults – changes now being mirrored in the interests of children.

Adults strongly encourage access to computers for their children. And as Dr Chase points out, computers and other communications devices are enormously interesting to children. "I think their experiences with these technologies are more

interesting than most of their experiences with toys," he says. "And of course, television is on that continuum, as well."

Thus, every company in the toy business is having to consider where its future lies. Mattel and Hasbro are both moving further into the software business: Mattel through its acquisition of The Learning Company and Hasbro through its recent purchases of Micromouse and Tiger Electronics. Barbie – already has her own website – [www.b Barbie.com](http://www.b Barbie.com) – and Monopoly is available on CD-Rom.

Perhaps it is too soon to kiss the teddy bear goodbye. "I don't think love objects have changed at all," says Mr Miller of the Toy Manufacturers of America. "Push toys and other low-tech toys are going to stay around. They are still part of growing up."

Yet even now, the US is a country where children as young as four spend hours a day on home computers, encouraged by technophile parents. It may only be a question of time before Teddy is downloaded into an in-cot terminal and cuddled with a click of the mouse.



# Air strikes fail to halt oil slide

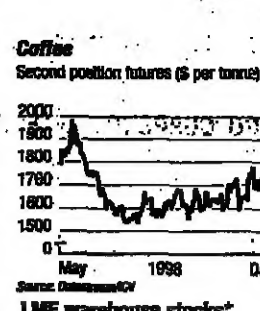
By Caroline Fossey

The price of oil continued to fall yesterday in spite of the increase in US and British air strikes on Iraq. In spite of the attacks, Iraq continued to export 1.8m barrels a day. The benchmark February contract reached a new low of \$9.96 a barrel on the International Petroleum Exchange but rose to \$10.31 in late trading yesterday. It gained 80 cents on Wednesday as tension built up in the Gulf after United Nations weapons inspectors were withdrawn from Iraq. However, once air strikes began, the market ignored the situation in Iraq and turned its attention to the global oversupply of oil.

On Thursday, oil producers Saudi Arabia, Venezuela and Mexico met in Madrid to discuss further cuts in production. Analysts were hoping for a reduction of 1.6m barrels a day but this was not forthcoming. The only concession was Venezuela agreeing to extend its current cuts by six months to the end of 1999 in line with Saudi Arabia and Mexico.

Meanwhile, in soft commodities, the price of coffee ended the week slightly higher on the London International Financial Futures and Options Exchange. The March contract closed at \$1.782 a tonne on Monday, rose during the week to about \$1.820, but dropped \$30 yesterday to close at \$1.790 after it was affected by fund switching and hedge selling.

Vietnam's coffee farmers have resumed supplies to



Source: Datastream  
LME warehouse stocks\*

Commodity	Open	High	Low	Close
Aluminium	205.425	205.425	205.425	205.425
Copper	205.150	205.150	205.150	205.150
Lead	205.150	205.150	205.150	205.150
Nickel	205.150	205.150	205.150	205.150
Zinc	205.150	205.150	205.150	205.150

traders in spite of the unusual rains that disrupted harvesting. Some coffee was rejected for export in southern Ho Chi Minh City because the rain had affected the drying process and the beans were of poor quality.

On the precious metals market, palladium had a mixed week. The March contract closed at \$291.80 a troy ounce on the New York Mercantile Exchange on Monday. The price had risen to \$330 by Thursday but fell to between \$305.10 and \$314 during trading yesterday. The price rose because of the lack of Russian spot sales in Japan in the past fortnight but fell on rumours that these sales had resumed. Gold was "fixed" at \$291.60 a troy ounce in the afternoon, down on the morning's "fix" of \$292.35.

## WEEKLY PRICE CHANGES

Commodity	Unit	Change	High	Low
Gold per troy oz	\$292.35	-0.75	292.35	291.60
Silver per troy oz	291.60	-0.10	291.60	291.50
Aluminium 50% (cash)	\$1,225.00	-10.00	1,225.00	1,215.00
Copper Grade A (cash)	\$1,450.00	-7.50	1,450.00	1,442.50
Lead (cash)	\$840.00	-10.00	840.00	830.00
Nickel (cash)	\$840.00	-10.00	840.00	830.00
Zinc (cash)	\$840.00	-10.00	840.00	830.00
Cocoa Futures Dec	\$1,782.00	+1.00	1,782.00	1,781.00
Coffee Futures Jan	\$1,782.00	+1.00	1,782.00	1,781.00
Sugar (LIP Dec)	\$17.75	-0.05	17.75	17.70
Banana Futures Jan	\$17.75	-0.05	17.75	17.70
Wheat Futures A (Jan)	\$17.75	-0.05	17.75	17.70
Wheat (Jan Spot)	\$17.75	-0.05	17.75	17.70
Oil (Brent Dec)	\$9.96	-0.05	9.96	9.91

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## WORLD BOND PRICES

Source: Reuters, Bloomberg, and other market data providers.

## Impeachment hearings upset US

By Vincent Boland in London and John Latham in New York

The opening of impeachment hearings against President Bill Clinton unsettled the US treasury bond market yesterday, while European markets moved slightly higher earlier as the countdown begins to the launch of the euro.

Treasuries had weakened

in early trading, although the Dow Jones Industrial Average managed a small gain, with analysts saying investors were becoming increasingly uncertain of the impact the hearings would have on financial markets.

By early afternoon the 30-year bond, the benchmark for US interest rates, had fallen 1/8 to 103 1/8, sending the yield higher to 5.032 per cent. Shorter-term bonds were also weaker, with the

## BASE METALS

LONDON METAL EXCHANGE

(Prices from Associated Metal Trading)

IN ALUMINIUM, 50% Purity (5 per tonne)

IN ALUMINIUM, 99.5% Purity (5 per tonne)

IN ALUMINIUM, 99.9% Purity (5 per tonne)

IN ALUMINIUM, 99.99% Purity (5 per tonne)

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IN PLATINUM, 999.9 (100 Troy oz; 500 g)

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## Dollar weakens

## MARKETS REPORT

By Alan Beattie

With the prop provided by tension in the Gulf lasting no more than 24 hours, the dollar fell against the yen at the end of Asian trading yesterday.

Having traded around Y116 against the Japanese currency for duration of the Asian session, the dollar abruptly fell to Y115 just as the European markets were opening.

The dollar did regain most of the loss at the end of the European session after faint noises from Saddam Hussein, closing at Y115.7. But the rapid drop showed the sort of nasty surprise that the US currency can expect in this end of year markets.

Various explanations for the sell-off in the dollar were put forward, mainly connected to trades in the foreign exchange options market. Rumours spread that

traders were trying to force the dollar down to take advantage of a "knock-out" option which expired in late Asian trading.

But whatever the reason, it was evident that there was no great interest to support the dollar by buying the dips against the yen.

This lack of support suggested that the currency could slide further if buffeted downward by technical factors in the few remaining days of foreign exchange trading before the Christmas break.

A perfect excuse for future dollar weakness was provided by the start of impeachment proceedings against President Clinton in the House of Representatives yesterday. It was almost certainly discounted by the

market and in any case came too late in European trading to have much effect.

But if the procedure drags on well into next year, as expected, it could paralyse US decision-making at a key juncture for the dollar, which will be facing the potential rise of a new world reserve currency - the euro.

The Hong Kong Association of Banks (HKAB) cut interest rates by 25 basis points yesterday, somewhat surprising most market analysts.

The HKAB, which implements monetary policy under strong suggestions from the government of the province, cited weak growth, domestic product and unemployment data as reasons for the move, adding that it should boost confidence in the region's financial markets.

Since October 19, the HKAB has cut interest rates by a cumulative 100 basis points as the economy has continued to show signs of weakness. On Thursday, the unemployment rate for Hong

Kong reached a new high of 5.5 per cent in the three months to November, up from 5.2 per cent in the three months to October.

Some analysts pointed to expectations of a rate cut at the US Federal Reserve's meeting next week as the catalyst for the move, noting that the next two scheduled meetings for the HKAB fell on public holidays.

But Richard Gray, emerging markets economist at Bank America in London, said that the recovery in the rest of east Asia underlay recent cuts in interest rates in Hong Kong.

"The outlook for the rest of the world is neutral and Asia is doing OK," he said. "And with the Korean won about to break the Won1000 level, and the Indonesian rupiah back towards Rp7000, there is plenty of room to manoeuvre," he added.

Mr Gray said that Hong Kong had lagged the rest of east Asia in cutting interest rates and was now catching up. "China has been in the process of easing and now Hong Kong is following," he added.

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

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## UNIT TRUSTS

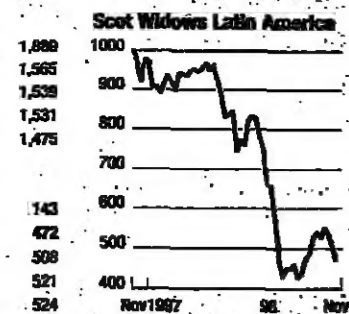
## WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR:

Save & Prosper Korea	1,680
Schroder Small	1,565
Barclay Growth	1,538
Barclay Korea	1,531
Fidelity American	1,475

BOTTOM FIVE OVER 1 YEAR:

Dimensional UK Smaller Cos	143
Scott Widows Latin America	472
Five Arrows Latin America A	508
Edinburgh Latin America A	521
ABG Latin America	524

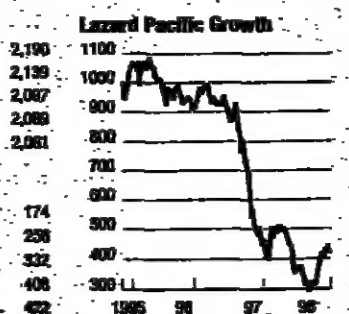


TOP FIVE OVER 3 YEARS:

Norwich European Growth	2,190
Jupiter UK Growth Element	2,139
Norwich European	2,087
TU European	2,086
Fidelity American	2,081

BOTTOM FIVE OVER 3 YEARS:

Dimensional UK Smaller Cos	174
Old Mutual Thailand Acc	236
Save & Prosper Gold & Equities	332
Save & Prosper Global Growth	408
Lazard Pacific Growth	422

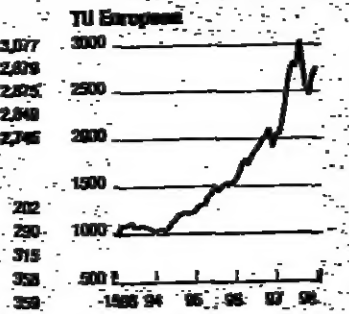


TOP FIVE OVER 5 YEARS:

GA North America Growth	2,077
Norwich European Growth	2,059
Barclay European Growth	2,055
Barclay European Growth	2,048
TU European	2,046

BOTTOM FIVE OVER 5 YEARS:

Dimensional UK Smaller Cos	202
Old Mutual Thailand Acc	290
Save & Prosper Gold & Equities	315
Save & Prosper Korea	358
Save & Prosper South East Asia	359

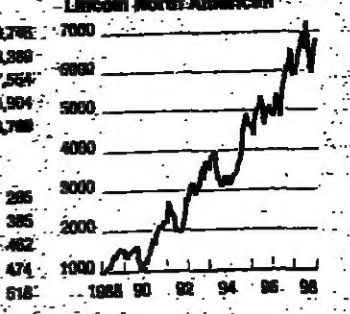


TOP FIVE OVER 10 YEARS:

Abn-Amro European Growth	3,746
GA North America Growth	3,389
FSC UK Smaller Companies	3,354
Edinburgh North American	3,304
Lincoln North American	3,298

BOTTOM FIVE OVER 10 YEARS:

Dimensional UK Smaller Cos	286
Barclay Japan	285
M&G Japan Acc	452
Barclay Japan Smaller Cos	474
Lincoln Japan Growth	518



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Indices	1 year	3	5	10	Volatility	Yield
Average Unit Trust	1000	1227	1404	2088	4.4	2.4
Average Investment Trust	1000	1276	1418	2174	4.2	4.4
Bank	1045	1123	1288	1783	6.0	5.7
Building Society	1045	1114	1282	1757	6.0	5.4
Stockmarket: FTSE All-Share	1000	1071	1081	1091	3.9	5.10
Index	1000	1007	1007	1001	-	-

UK Growth	1 year	3	5	10	Volatility	Yield
Jupiter UK Growth Element	1250	2139	-	-	4.8	0.8
Johnson Fry Soter Growth	885	1776	1930	4207	4.3	1.5
River & Mercantile 1st Growth	1046	1707	2289	-	3.9	1.9
Thornhill Capital	1073	1652	1788	-	4.8	0.7
Lloyds TSB Environmental Inv	1083	1619	1848	-	3.7	1.0
SECTOR AVERAGE	982	1375	1584	2840	3.8	1.6

UK Growth & Income	1 year	3	5	10	Volatility	Yield
CF The Utilities	1179	1805	2020	-	3.7	2.0
Flaming Select UK Income	1082	1658	1972	3283	3.7	2.8
Lawrence Kern Income & Growth	1067	1648	1782	-	3.7	2.5
River & Mercantile Top 100	1103	1840	-	-	3.8	2.7
HSC Flexible Fund	1102	1627	1788	-	4.0	1.7
SECTOR AVERAGE	1024	1427	1629	3044	3.7	2.2

UK Smaller Companies	1 year	3	5	10	Volatility	Yield
GT UK Smaller Companies Acc	1188	1620	1848	-	4.3	1.2
Henderson Growth Element	1038	1528	1636	-	4.3	1.0
Northwest UK Smaller Cos	872	1472	-	-	4.7	2.2
Barclay UK Smaller Companies	844	1469	2019	2421	4.9	1.2
Lawrence Kern Smaller Cos	943	1413	1563	-	4.4	1.7
SECTOR AVERAGE	870	1089	1313	1824	4.5	1.9

UK Equity Income	1 year	3	5	10	Volatility	Yield
BWD UK Equity Income	1066	1655	2035	3212	4.4	3.2
Prudential Dividend	1107	1637	1919	2324	3.5	3.5
Fidelity Income Plus	1082	1605	1701	2591	3.5	4.0
Jupiter Income	1016	1585	1733	2186	3.1	3.7
NPI Global Cap Income	1081	1547	-	-	3.1	3.1
SECTOR AVERAGE	1007	1407	1548	2519	3.4	3.9

UK Equity & Bond Income	1 year	3	5	10	Volatility	Yield
Albion National Extra Income	1046	1538	1642	2572	2.5	4.2
Edinburgh UK Income A	1057	1498	1638	2417	2.9	3.2
DS UK Income	1054	1488	1638	-	2.9	3.2
HSC High Income	1000	1459	-	-	2.5	3.3
CSU PPT High Yield	1073	1458	1529	2584	2.7	4.3
SECTOR AVERAGE	1022	1345	1432	2482	2.8	4.8

UK Eq & Bd	1 year	3	5	10	Volatility	Yield
Canille Income Dte	1016	1458	1581	2706	3.1	2.7
NPI UK Extra Income	1007	1444	1710	-	3.0	1.8
Perpetual High Income	971	1436	1728	2558	3.8	3.8
AVA Sun Life High Yield	1011	1425	1622	2571	3.1	2.8
Lloyds Bank Extra Income	1002	1413	1553	2841	3.1	3.6
SECTOR AVERAGE	1017	1396	1577	3036	3.1	2.8

UK Fixed Interest	1 year	3	5	10	Volatility	Yield
CSU PPT Preference	1140	1524	1657	2455	2.3	5.8
Morgan Gren MP Annuity Conv Ex	1147	1485	-	-	1.7	4.8
Henderson Preference & Bond	1067	1457	1546	2158	1.2	6.6
Prudential Prof & Fixed Interest	1057	1447	1580	2242	1.5	5.2
CSU PPT Monthly Income Plus	1088	1438	1537	-	1.7	6.5
SECTOR AVERAGE	1088	1310	1386	2241	1.4	5.9

UK Gilt	1 year	3	5	10	Volatility	Yield
Flaming Select Long-dated Gilt	1258	1637	-	-	2.2	5.2
Fidelity Institutional Lg Gilt	1254	1587	-	-	2.2	5.5
Mercury Long-Dated Bond	1188	1475	1482	-	2.1	3.4
M&G Gilt & Fixed Interest	1188	1420	1459	2403	1.5	4.4
Flaming Select UK Index Linked	1189	1408	-	-	1.3	2.8
SECTOR AVERAGE	1127	1304	1311	2235	1.9	4.7

Far East excc Japan	1 year	3	5	10	Volatility	Yield
HSC Hong Kong Growth	789	1048	987	4710	10.0	2.5
Friendship Asia Growth	956	1038	1213	2733	5.2	-
WESCO Hong Kong & China	705	951	877	3587	10.0	2.0
Fidelity South East Asia	889	943	831	2540	9.2	1.3
Old Mutual Hong Kong	880	927	718	3572	10.8	1.7
SECTOR AVERAGE	803	908	860	2380	8.1	1.4

Far East Inc Japan	1 year	3	5	10	Volatility	Yield
Jupiter Far Eastern	1016	850	877	1773	7.8	-
Save & Prosper Far East Sm Cos	1003	825	590	-	6.1	0.5
ABG Smaller Growth	707	801	688	1880	9.7	-
Royal & Sun Life Far East	1001	775	743	1116	6.5	1.2
Royal Life Pacific Asia	874	732	706	1082	6.3	-
SECTOR AVERAGE	896	851	817	1450	6.7	0.9

Japan	1 year	3	5	10	Volatility	Yield
Norwich Japan	894	953	885	884	6.1	-
Murray Japan Growth	1121	1044	941	-	5.8	-
Bullfinch Japan Growth	1020	837	881	1213	5.8	-
WESCO Japan Growth	878	835	805	1209	3.4	0.0
Martin Currie Japan	1018	814	834	-	5.8	-
SECTOR AVERAGE	988	911	862	810	6.4	0.5

Europe	1 year	3	5	10	Volatility	Yield
WESCO European Growth	1330	2190	2879	5782	6.8	-
Norwich European	1313	2287	2888	5003	5.8	0.8
TU European	1284	2088	2746	-	4.7	1.2
Transatlantic Euro Sm Cos R	1281	2005	2687	4857	6.2	0.2
WESCO European Small Cos	1343	2001	2888	5407	5.7	-
SECTOR AVERAGE	1188	1858	2388	4182	6.5	0.7

Global Emerging Mkts	1 year	3	5	10	Volatility	Yield
Stewart Heavy Emerging Market	708	830	708	-	8.3	1.3
Barclay Global Emerging Mkts	688	770	-	-	8.7	0.3
Mercury Emerging Markets	630	755	838	-	8.3	1.2
Barclay PS Emerging Markets	708	748	470	-	8.3	1.2
Barclay Global Emerging Mkts	757	700	-	-	8.8	-
SECTOR AVERAGE	686	660	615	1625	8.2	1.2

International Equity Income	1 year	3	5	10	Volatility	Yield
GT International Income	1136	1562	1779	4075	3.5	2.4
Prudential Global 100	1145	1407	1688	2108	4.3	-
Mayflower Global Income	1081	1321	1507	2545	3.3	2.2
M&G International Income	1011	1300	1441	3237	3.5	4.0
SECTOR AVERAGE	1082	1358	1584	3052	3.7	2.3

International Fixed Interest	1 year	3	5	10	Volatility	Yield
Norwich International Bond	1082	1244	1282	-	1.8	4.0
Barclay Global Bond	1083	1243	1294	-	1.8	4.1
Barclay Global Bond	1044	1239	1334	-	1.8	4.8
Mercury International Bond	1089	1230	1388	2539	1.7	3.2
ABG Int Bond & Convertible	1056	1215	1238	-	1.1	5.4
SECTOR AVERAGE	1054	1064	1134	1578	1.7	4.4

International Equity & Bond	1 year	3	5	10	Volatility	Yield
Flaming General Opportunities	1121	1453	1601	-	2.8	3.1
GA Income Portfolio	1070	1410	1401	-	3.8	2.5
MT General	1088	1374	-	-	3.8	3.3
Bank of Ireland Ex Mgt Growth	748	1373	1621	3082	3.7	1.8
Barclay PS International	1117	1331	1458	2576	2.2	2.7
SECTOR AVERAGE	1061	1261	1380	2532	3.0	2.6

International Growth	1 year	3	5	10	Volatility	Yield
Barclay Global Growth	1280	1734	1821	-	4.5	1.1
Franklin Financial	1038	1683	2040	6058	5.3	0.7
Save & Prosper Financial	922	1590	2044	4480	5.1	0.6
Scott Equitable Technology	1304	1588	2200	6244	6.1	0.9
Fidelity Managed International	1191	1576	1878	4207	6.1	0.5
SECTOR AVERAGE	1002	1208	1384	2570	6.1	1.1

Best Peps	1 year	3	5	10	Volatility	Yield
WESCO European Growth	1330	2190	2879	5782	6.8	-
Norwich European	1313	2287	2888	5003	5.8	0.8
TU European	1284	2088	2746	-	4.7	1.2
Transatlantic Euro Sm Cos R	1281	2005	2687	4857	6.2	0.2
WESCO European Small Cos	1343	2001	2888	5407	5.7	-
SECTOR AVERAGE	1188	1858	2388	4182	6.5	0.7

Property	1 year	3	5	10	Volatility	Yield
Norwich Property	1004	1288	1384	-	1.0	4.7
Barclay Property	888	1218	1305	-	0.8	5.6
Always Residential Property	888	1218	1305	-	0.8	5.6
Barclay Residential Property	787	1208	1304	-	0.8	5.6
SECTOR AVERAGE	947	1237	1340	-	1.8	4.5

Nth America	1 year	3	5	10	Volatility	Yield
Fidelity American	1475	2081	2732	6538	5.5	-
Crabtree & Co Transatlantic Ac	1206	1902	-	-	4.8	-
Old Mutual North American	1144	1882	2088	4048	5.2	-
Barclay American Growth	1184	1882	2104	5255	5.0	-
Franklin American Growth	1287	1834	2400	-	5.3	-
SECTOR AVERAGE	1043	1465	1886	4689	5.1	0.5

Commodity & Energy	1 year	3	5	10	Volatility	Yield
M&G Australian Acc	888	1108	1236	2149	6.0	2.2
M&G Commodity	825	937	780	1456	7.0	1.5
H&S Natural Resources	877	910	678	1180	6.8	0.8
Lloyds TSB Natural Resources	875	976	825	1820	7.3	0.1
Save & Prosper Commodity	670	551	567	1248	7.2	-
SECTOR AVERAGE	841	884	830	1414	6.5	1.1







● FT Cytidine Uracil Trust Prices are available over the telephone. Call the FT Cytidine Help Desk on 1-800-372-4338 for more details.

Time	Lat	Long
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## Money Market Bank Accounts







Offshore Funds and Insurances

FT Chryse Unit Trust Prices are available over the telephone. Call the FT Chryse Help Desk on (444 171) 873 873 for more details.

FT MANAGED FUNDS SERVICE

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**Global Management Portfolio** 81388.44 +0.5  
**Global Portfolio**

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Highs &amp; Lows shown on a 52 week basis

## WORLD STOCK MARKETS

## NORTH AMERICA

UNITED STATES (Dec 18 / US\$)

(in \$ bn)

Dec 18

Dec 17

Dec 16

Dec 15

Dec 14

Dec 13

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## COMPANIES &amp; FINANCE

## NEWS DIGEST

## RETAILING

## French approval for Kingfisher DIY merger

Shareholders of Castorama Dubois, the French group, yesterday approved the deal to merge its DIY retail chain with Kingfisher's B&Q business. The deal, agreed in September, will create the world's third largest home improvement company with sales of £3.9bn (\$6.5bn) a year and a market value of about £4.5bn.

Kingfisher will hold a 54.6 per cent stake in the merged business, but will have 50 per cent of the votes and equal representation on a supervisory board. Sir Geoffrey Muechry, chief executive of Kingfisher, is to become chairman of the joint venture, which will have 480 stores in nine European countries. The shares closed 26½p up at 640p. *Maggie Urry*

## MEDIA

## BSkyB faces £25m tax bill

British Sky Broadcasting, the pay television group, expects to have to pay UK tax authorities £25m as a result of a ruling on the level of value added tax applicable to the subscriptions to its services. BSkyB has been asked by the Inland Revenue to pay more tax after the authority rejected its policy of netting off the value of its listings magazine against the cost of a full subscription when calculating VAT. BSkyB shares closed 15½p down at 465p.

## BANKING

## RBS chief's pay increase

Larry Fish, chief executive of Citicorp's Royal Bank of Scotland's main US operation, saw his total remuneration increase from £2.25m to £3.3m in the financial year to September 30. His performance-related bonus rose from £1.7m to £2.75m. RBS said this reflected the sharp rise in Citicorp's profits under Mr Fish from £36m in 1993 to £247m last year. George Mathewson, RBS chief executive, saw an 11 per cent increase in remuneration to £209,000 (£225,000). RBS profits rose 31 per cent in the year to £1bn. *Christopher Brown-Humes*

## SUPPORT SERVICES

## DCS makes Dutch purchase

DCS, the UK-based computer software and services group, is paying up to £1.23m (\$1.2m) to acquire Logica Application Software, a Netherlands-based specialist software group.

Under the terms of the deal, £1.23m will be paid initially with up to £1.34m also payable following publication of results for the current year. The initial and deferred payments will be 50 per cent in cash, 25 per cent in shares and 25 per cent in convertible loan notes.

LAS, which is based in Zwijndrecht, produces IT systems for the global logistics industry.

## ENGINEERING

## Wilshaw still in talks

Wilshaw, the powder metallurgy group that put itself up for sale in September, yesterday reported a 30 per cent fall in pre-tax profits from £2.61m to £1.63m in the six months to September 30, on turnover 49 per cent lower at £13.4m, against £26.5m. Operating profits from continuing operations, however, rose 32 per cent from £1.37m to £1.8m, on turnover of £13m (£12.4m).

The company revealed that since September, BT Alex Brown, its adviser, had held talks with a number of potential buyers, and these discussions were continuing.

## LEISURE LADBROKE REJECTS £375M TOTE OFFER ■ CINVEN AND MORGAN GRENFELL STILL IN THE RUNNING

## Coral bid battle turns into two horse race

By Charles Peckham

The battle to buy the Coral betting shop chain turned into a two horse race yesterday after Ladbroke Group rejected a £375m (£322m) offer from the Tote, the state-owned gambling business.

The withdrawal of the Tote leaves the running to two venture capital firms, Cinven and Morgan Grenfell Private Equity, part of Deutsche Morgan Grenfell.

They are understood to have both tabled offers of just under £300m.

Ladbroke is expected to choose a preferred buyer as early as next week.

Coral is Britain's third largest bookmaker with 833 shops.

It made operating profits of £17m in the six months to June 30.

The rejection of the bid is a blow to the Tote, which was once the favourite to buy Coral.

It is understood that Ladbroke turned down the offer from the Tote - Britain's fifth largest bookmaker with 220 shops - partly because it had demanded the right to negotiate exclusively.

The Tote bid, which received no state funding, was backed by two venture capital firms, Cinven and Morgan Grenfell.

Its withdrawal from the auction follows last week's decision by Stanley Leisure,

the gaming group, to pull out of the bidding.

The Tote said it "has tabled a final and fully-financed bid of £375m for Coral with the intention of completing before the year end".

The Tote board has determined that any bid in excess of this level cannot be justified and has now withdrawn from the auction.

Ladbroke seems certain to get more for Coral than the

£363m it paid last year to Rose, the brewing and hotel group.

Ladbroke, Britain's largest bookmaker with 1,900 shops, was forced to auction Coral when Peter Mandelson, trade and industry secretary, upheld a Monopolies and Mergers Commission report recommending the takeover be blocked.

The MMC said that if Ladbroke retained Coral it would lead to a reduction in price competition as well

as the choice available to gamblers.

Ladbroke will retain 50 Coral shops in Ireland, eight in Jersey and a 23 per cent stake in SIS, the racing satellite broadcaster, part of which came with the Coral acquisition.

William Hill, which is owned by Nomura International, the Japanese bank, is the second largest bookmaker with 1,500 shops. It is expected to come to the market next year.



Martin Reed: trading remains strong, and orders, sales and profit are 'significantly ahead of last year'

Brandon Carr

## Logica buys two telecoms groups

By Paul Taylor

Logica, one of Europe's leading software and computer services groups, has made two acquisitions in the telecommunications industry for a total of £82.6m.

The announcement accompanied a bullish statement in which it said trading remained strong, and orders, sales and profit for the first five months were "significantly ahead of last year".

The shares, a star performer among computer services stocks, gained 17p to a new high of 537p, after a

12½p rise the previous day.

"Trading conditions remain positive in Logica's main markets," said Martin Reed, chief executive.

Logica is paying up to £47m for Aethos Communication Systems, a market leader in the development of pre-paid calling systems for mobile telephone network operators.

Aethos, based in Bristol, has offices in Dallas and Malaysia. It will be integrated with Logica's existing Aldison business.

Aethos's pre-paid systems are in use with 15 customers

around the world, including the US, Germany and the Asia-Pacific region.

About 7 per cent of mobile phone subscribers use pre-paid options - a figure expected to reach 40 per cent by 2003.

Aethos employs about 160 staff and had pre-tax profits of £540,000 in the year to March 31 on sales of £11.5m.

It is forecasting sales of £23m, with operating profits of £2m in the current year.

Logica is also buying DDV Group, a telecommunications and new media consultancy for up to £150m

(£87m). Both acquisitions will be funded from cash reserves and bank facilities.

Mr Reed said DDV would strengthen Logica's consulting capability in the global telecommunications market.

In 1997, DDV, which is based in Utrecht in the Netherlands and employs 120 people across four countries, reported sales of £12.7m and pre-tax profits of £1.2m.

DDV is forecasting sales of £14m with pre-tax profits of £1.5m in the current year.

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## Celtic kick out consortium's bid proposal

By Charles Peckham

Celtic Football Club, champions of the Scottish Premier Division, yesterday rejected a bid proposal from a consortium led by former Celtic player Kenny Dalglish and Jim Kerr, lead singer with the Simple Minds rock group.

Instead, Fergus McCann, Celtic's chairman and majority shareholder, plans to press ahead in the middle of next year with a share offering targeted at private shareholders.

Brian Quinn, Celtic vice-chairman, said any further approaches should be in the form of firm offers, so the company could give detailed reasons for acceptance or rejection. Details of the consortium's approach, backed by BT Capital Partners Europe, were not disclosed.

The approach, first made on November 10, increased already strong interest in the 10 listed football clubs. The news came a day after NTL, the third largest UK cable operator, paid £10m for

a 5.3 per cent stake in Newcastle United, with an option to take full control.

Mr McCann, a Scottish-born Canadian millionaire who rescued Celtic from bankruptcy in 1994, plans to offload his 50.3 per cent holding after five years. But he has also pledged not to sell his stake to a single buyer.

Celtic said yesterday that the board still believed the shares should be offered to existing shareholders and other individual investors interested in the club's long-term success.

The club is inviting the consortium members to participate in the share offering planned by Mr McCann. It rebuffed speculation that it had been made an offer worth about £100m by the consortium.

Celtic's shares rose 15p to 317½p yesterday, valuing it at £25.5m. This was still below the year's high of 355p.

Celtic is advised by Greig Middleton and Nomura International. BT Wollensohn is advising the consortium.

## Granada and Nikko in talks on alliance

By Cathy Newman

Granada, the media and leisure group, is in talks with Nikko Hotels International, the Asian hotel chain, about a sales and marketing alliance.

Granada is hoping to strike a deal on reservations and marketing that would link its Le Meridien hotels with Nikko.

The proposed agreement would allow Le Meridien guests to make bookings in Nikko hotels using Granada's reservations system. The partners would also cross-promote each other's hotels.

Granada said last night: "We are currently in serious discussions with several hotel companies to explore the opportunities of a strategic alliance. No agreement has been finalised to date."

Nikko has 43 hotels worldwide, while Le Meridien has more than 100.

The talks are not thought

likely to result in an equity swap. Nikko is operated by JAL Hotels Company, which was established in 1970 by Japan Airlines and provides luxury accommodation.

Granada acquired Le Meridien as part of its £3.8bn takeover of Forte in 1998.

Separately, the operators of the Millennium Experience announced that both Granada Food Services, the leisure group's contract catering division, and Lethaby & Christopher - part of Compass Group - would provide catering services at the millennium dome in 2000.

Granada yesterday sold Air Travel Group, the specialist business which trades as the Magic Travel Group, to Thomson Travel Group for £20m cash. ATG operates tours to Italy, Spain, Portugal and France. Thomson is seeking to develop its specialist travel businesses.

Granada said the proceeds of the disposal would be used to reduce borrowings.

## Littlewoods to make £50m in cost savings

By Peggy Hollings

Littlewoods, the privately-owned mail order and stores group, yesterday revealed it would make £50m in cost savings during the next three years, but emphatically denied it had plans to come to the market.

James Ross, chairman, said Littlewoods had no desire to float "now or in the foreseeable future. It is not on the agenda at all".

However, insiders suggested the board was preparing to consider a market flotation in about 12-18 months' time. Recent management changes, cost-cutting and a review of the leisure business, all pointed in that direction, said one.

The business review would be complete by the end of the financial year, when the longer-term future of the leisure operation - which includes Littlewoods Pools - would become clearer. The group is considering a series of options for the betting business, including disposal.

Littlewoods reported pre-tax profits of £68.2m (£36.4m) for the six months to October 31. However, excluding non-recurring items and exceptional gains of £36.1m, profits rose by just £100,000 to £36.5m.

Total sales fell from £1.1bn to £1.03bn.

Mr Ross said the underlying retail business had turned in a solid performance in difficult trading conditions. Excluding the disposal of 23 stores last year to Marks and Spencer, underlying retail sales were up 8 per cent, and operating profits ahead 5 per cent.

Leisure trading profits fell by £500,000 to £9.3m on sales down from £161m to £119m.

Mr Ross warned that like other high street retailers, Littlewoods was experiencing extremely volatile trading in its stores, particularly in the north. Retail sales growth had halved in the past six weeks on the levels achieved in the first half.

Barry Gibson, chief executive, said the company's restructuring, launched this year, was on track to realise annualised savings of £20m from integrating the management of the retail businesses.

## Stagecoach in talks for Hong Kong bus operator

By Jonathan Ford in London and Louise Lucas in Hong Kong

Stagecoach is making its second attempt this year to enter the Hong Kong bus market. The transport group is in talks that could lead to it bidding HK\$2.4bn (£322m) for Citybus, the second largest operator in the former colony.

The discussions follow Stagecoach's unsuccessful bid in April to take over the 86 routes operated by China Motor Bus, Hong Kong's biggest operator. The transport group lost out to FirstGroup, a rival UK operator also seeking to expand in Asia.

Stagecoach is hoping to buy a 36 per cent stake in Citybus from CNT, the Hong Kong-based paint manufacturing and property investment company. If successful, it would be obliged under Hong Kong stock market rules to make a bid for the

outstanding shares.

Stagecoach has signed an agreement with CNT giving it exclusive rights until January 13 to negotiate the deal.

However, it has paid a non-refundable deposit of HK\$10m to CNT. Stagecoach is offering HK\$2.4bn for the stake, valuing it at HK\$864m. Citybus shares closed at HK\$155, down 14 cents.

Analysts said Citybus would make a sensible purchase for the UK group. "Stagecoach clearly knows how to run a bus business and Hong Kong is an attractive public transport market," said Christian Cowley at ABN Amro. About 80 per cent of Hong Kong residents use the territory's public transport system.

Citybus operates more than 75 franchised routes in Hong Kong and a cross-border service to mainland China. It recently became

the first non-mainland group to operate in Beijing.

The deal would be Stagecoach's second deal in Hong Kong. In April it paid £107m for 32 per cent of Road King, a company that operates 34 toll roads in China, mostly through joint ventures with local authorities.

Analysts said Road King's contacts with Chinese municipal governments could help Citybus expand there. At the time of the Road King purchase, Stagecoach said it wanted to use it as a springboard for bus deals in China.

Citybus has been investing heavily in new buses and has struggled in the past year because of Hong Kong's recession and tightened credit environment. In the half year to June 30, the company's profits fell by 40 per cent to HK\$35m.

Stagecoach stressed the talks were at an early stage.

## Monument sells stake for £19.7m

By Thorold Barker

Monument Oil & Gas, the oil exploration and production company, has sold its 20.3 per cent interest in the Johnson gas field in the southern North Sea to Eastern Group, the energy company, for £19.7m cash.

Tim Eggar, Monument chief executive, said Eastern, which uses the field's production, had approached Monument for the assets. The deal also includes Monument's interest in Block 43/37a and Block 43/28a, excluding Ravenspurn North.

He said the company, which has interests in the UK, Pakistan, Colombia, Azerbaijan and Turkmenistan, now had net cash of about £25m, with bank facilities to raise a further £225m.

The deal follows Monument's renegotiation this month of a high-priced contract with PowerGen, the electricity generator, in Liverpool Bay. This resulted in a payment of £17m to Monument in return for a reduction in the cost of the gas.

## Fall in opiate demand hits Meconic

By Charles Peckham

A decline in opiate demand has partly responsible for a sharp drop in interim pre-tax profits at Meconic, the pharmaceuticals group that makes controlled drugs such as cocaine.

The group, which has issued two profits warnings in just over a year, said Terry James, its non-executive chairman, would retire early next year. "He wants to spend more time at home," the company said.

Mr James, 63, who has spent eight years in the job,

will be replaced by Peter Savage, 55, former deputy chairman of Inspect Group, the speciality chemicals group.

Meconic's pre-tax profits fell from £2.1m to £1.3m in the six months to October 31 - despite a rise in sales from £24m to £26.8m. Group profits this year are expected to be "slightly lower" than last time, Meconic said.

Ken Green, chief executive, blamed the drop in profits partly on a change to the prescription rules in Germany for the drug dihydrocodeine, which is an opiate

used in the rehabilitation of heroin addicts. "It means that a market which was five or six tonnes has gone to nothing," he said.

Mr Green added that margins were squeezed because prices for opium and poppy straw, which rose 23 per cent last year, were driven up again by a poor Indian harvest. Meconic extracts morphine from poppies it buys in India and Turkey and converts it into products like codeine, used in mild painkillers.

However, sales of non-opiate controlled drugs contin-

ued to rise. These include methadone, a heroin substitute for addicts, and cocaine, which is used as an anaesthetic. Revenues are expected next year from sales of galantamine, a chemical based on extract from daffodil bulbs and used to treat Alzheimer's disease. The drug is awaiting approval from the US FDA.

Meconic said it had received an offer for its Phoenix Chemicals division, which specialises in contract manufacturing.

The shares fell 12p to 156½p.

## RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends Corresponding dividend	Total for year	Total last year
Bank of Scotland	2,54 (2.5)	0.15 (0.124)	3.8 (3.1)	1.42 (2.25)	0.04	Jan 29	0.04	2.6
Bank of Ireland	1,83 (1.8)	0.15 (0.124)	1.42 (2.25)	0.04	Jan 29	0.04	2.6	
Bank of Wales	1,83 (1.8)	0.15 (0.124)	1.42 (2.25)	0.04	Jan 29	0.04	2.6	
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Bank of Luxembourg	1,83 (1.8)	0.15 (0.124)	1.42 (2.25)	0.04	Jan 29	0.04	2.6	
Bank of Ireland	1,83 (1.8)	0.15 (0.124)	1.42 (2.25)	0.04	Jan 29	0.04	2.6	
Bank of Wales	1,83 (1.8)	0.15 (0.124)	1.42 (2.25)	0.04	Jan 29	0.04	2.6	
Bank of Cyprus	1,83 (1.8)	0.15 (0.124)	1.42 (2.25)	0.04	Jan 29	0.04	2.6	
Bank of Greece	1,83 (1.8)	0.15 (0.124)	1.42 (2.25)	0.04	Jan 29	0.04	2.6	
Bank of Spain	1,83 (1.8)	0.15 (0.124)	1.42 (2.25)	0.04	Jan 29	0.04	2.6	
Bank of Portugal	1,83 (1.8)	0.15 (0.124)	1.42 (2.25)	0.04	Jan 29	0.04	2.6	
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Bank of Portugal								



ELECTRONICS GROUP SETS OUT TERMS FOR REDUCING CAPITAL BY 8%

## Philips plans more share buy-backs

By Gordon Gribb in Amsterdam

Philips, the Dutch electronics group, intends to mount further share buy-backs after it returns F13.3bn (\$1.8bn) to shareholders by mid-1999, according to Jan Hommen, chief financial officer.

"It is our intention to pursue more opportunities - to do more in reducing the outstanding shares," he said. Shares in Philips jumped 7 per cent yesterday after the company set out the terms of an exercise, announced in October, to reduce its capital

by 8 per cent. On December 10 Philips received F11.5bn cash from Seagram, along with a 12 per cent stake in the Canadian drinks and entertainment company, on completion of the sale of its PolyGram music and films offshoot.

Including existing funds, it would still have some F10.5bn in free cash to deploy after paying F1.07 a share to holders of Philips equity, Mr Hommen said.

Cor Boonstra, Philips president, said last month he was seeking takeover targets, particularly in the US.

While allowing that the cash could fund acquisitions, Mr Hommen would not be drawn on reports that Philips might bid for General Instrument, the US company and market leader in set-top boxes for televisions. With a market value of more than \$5bn, General Instrument would absorb nearly all the cash pile.

Describing the buy-back scheme detailed on Thursday night as tax-efficient both for the company and a large number of shareholders, Mr Hommen said other routes would be explored

once The Hague implemented fiscal changes. Under current rules, a straight buy-back in the market would saddle Philips with the tax bill. Having received clearance from the finance ministry, the company will instead exchange 100 existing shares for 92 of the same par value, with the amount paid out equivalent to 8 per cent of Thursday's closing price.

Yesterday the shares went up F18 to F121.40. Mr Hommen said the arrangement now required approval only from the annual meeting

next March. He is to add to his board responsibilities due to the retirement next April of Dudley Eustace, vice-chairman.

Mr Hommen will take charge of group purchasing as well as Philips' interest in NavTeq, a US supplier of digital route maps, which is to have its future resolved by the end of this month.

Roel Pieper, the former Tandem Computers chief seen as heir apparent to Mr Boonstra, takes on customer-related functions overseen by Mr Eustace, who will stay as an adviser.



Cor Boonstra: eyeing US in search for takeover targets

CARMAKING 15% OF CAPACITY TO GO

## Nissan could close plants in Japan

By Paul Abrahams in Tokyo

Nissan, Japan's second largest automotive manufacturer, yesterday announced plans to cut domestic capacity by 15 per cent, in a move that could involve closing plants.

Plant closures are rare in Japan, but the industry is racked by overcapacity following a 12.3 per cent drop in domestic vehicle sales this year to the lowest level since 1986. The Japan Automobile Manufacturers Association has predicted sales will recover by only 2.5 per cent next year, to 6.05m vehicles.

All manufacturers are suffering from lacklustre demand, but Nissan is having particular difficulties because of its high net debts, poor cash flow and a model range that is seen as dull.

Kosei Minami, executive vice-president, said the group would cut domestic capacity by 15 per cent to 1.7m units a year by 2003. The Nagoya plant of its affiliate Aichi Machine Industry might be shut, as well as parts of facilities at Nissan Shatai, which has operations in Kyoto and Kanagawa prefectures. However, he said any closures would be gradual and the group would try

to find work for employees. The statement follows indications by Toyota this week that it might close a factory, and from Mitsubishi Motors that it could shut some production lines.

Nissan also said it planned to cut employees on assembly lines by 1,000 to 14,000, mainly by halting recruitment. It would also cut the number of welding lines from 26 to eight, and reduce the number of platforms from 25 to 10.

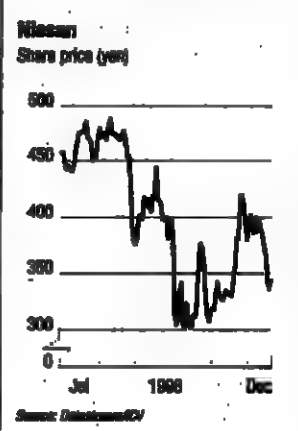
The aim is to cut annual production costs by up to ¥15bn (\$129m) by 2003. The company would also halt operations at its Indonesian joint venture from the end of the month.

Separately, Nissan predicted domestic sales would grow by 4.7 per cent next year to 950,000 vehicles, on the back of new models. The group expects to launch nine new models worldwide next year, of which four will be in the US.

However, Nissan warned exports would tumble 13.6 per cent which it blamed on the slowdown of European economies - particularly the UK - as well as the unexpected strength of the yen. Domestic production would be unchanged at about 1.68m units. The group has predicted a ¥30bn net loss this year.

Nissan's shares jumped to ¥370 yesterday before closing up ¥7 at ¥322 on a report in a German magazine that DaimlerChrysler, the German-US automotive group, Renault of France and Ford might take a stake in Nissan. However, Yoshikazu Hanawa, Nissan president, denied the company was in talks to sell a stake.

DaimlerChrysler is in negotiations to take a stake in Nissan Diesel, the truck-maker, in which Nissan holds a large stake.



## Munich Re and Allianz swap equity stakes

By Graham Bowley in Frankfurt

Allianz and Munich Re, two of Germany's biggest insurance groups, announced a shake-up of their equity interests yesterday in an attempt to untangle the web of cross-shareholdings between them.

Europe's biggest insurer and the world's largest re-insurance company will swap equity stakes worth up to DM42bn (\$1.2bn).

Allianz is to transfer stakes in Ergo, Germany's second biggest insurer, and American Re to Munich Re. In return, Munich Re will cede stakes in Allianz Leben, Germany's biggest life insurance company.

The companies had long made clear their intention to unravel the cross-shareholdings, but analysts said the moves yesterday did not go far enough. However, the companies' room for manoeuvre was limited by tax considerations, they said. The tangle of cross-shareholdings is typical of the German economy since the

second world war. Many companies in the financial sector have traditionally owned large stakes in businesses across the spectrum.

German companies have come under mounting pressure from international investors to clarify their confused corporate structures. Deutsche Bank responded this week to the pressure by announcing it would hive off DM40bn of its industrial assets into separately managed companies.

Dresdner Bank, another of Germany's big banks with significant interests elsewhere, said yesterday it might also consider separating its assets.

The reshuffle announced yesterday will give Allianz full control of Allianz of America and a controlling 50.3 per cent stake in Allianz Leben. It will retain a small stake in Ergo.

Munich Re will take over full ownership of American Re, will own 80.8 per cent of Ergo and will retain around 10.6 per cent of Allianz Leben.

## Thomson-CSF set for 1998 loss

By David Owen in Paris

Thomson-CSF, the French defence electronics group, is to report a net full-year loss of about FF1.5bn (\$265m) after more than FF30m of one-off charges linked to a restructuring plan aimed at improving long-term profitability.

The company said implementation of the plan, first announced in September, would lead to some 4,000 job losses, equivalent to about 8 per cent of the workforce.

Fewer than 3,000 of the job losses would be in France and more than 1,000 elsewhere. The aim was to

improve operating margins to more than 7 per cent in 2001. The 1998 margin was expected to be similar to that in 1997: 5.7 per cent of consolidated revenues. "Point number one is to improve profitability," the group said.

The company, which reverted to majority private ownership this year after 16 years of state control, said the FF30bn charge would cover "restructuring and technological change costs, as well as exceptional depreciation of goodwill in activities whose market environment and trends are less favourable than previously

anticipated". It refused to identify these activities, but they were understood to include simulation.

Thomson-CSF said the action plan was also designed to optimise the integration of Dassault Electronics and a number of defence subsidiaries of Alcatel, the French telecommunications equipment group.

Alcatel, Dassault Industries and Aerospatiale, the state aerospace group expected soon to be privatised, have become Thomson-CSF shareholders since a reorganisation of the French defence sector.

Thomson is widely expected to forge closer links soon with other European defence companies.

Thomson said yesterday: "This plan... aims at strengthening Thomson-CSF's market leadership position in a context of industrial reshaping in France and in Europe, and of rapid technological change in most of its fields."

The programme, already under way, would be "mainly implemented over 1999, resulting in a first and significant improvement in operating performance in 2000, with full impact in 2001".

## Gevaert builds stake in Holzmann

By Neil Buckley in Brussels

Gevaert, the Belgian holding company, yesterday continued its reorganisation efforts with a move to buy up to 30 per cent of Philipp Holzmann, the German building group, for about BF80bn (\$233m).

The Belgian group said it had already acquired 24.6 per cent of Holzmann, plus an option to acquire a further 5.5 per cent subject to approval by the German cartel office.

The move will make Gevaert, alongside Germany's Deutsche Bank, the largest shareholder in Holzmann, which it said would be an important part of its global growth strategy. The acquisition comes only three months after Gevaert said it was bidding to take 25 per cent in Agn-Gevaert from Germany's Bayer.

Bayer's Agfa merged with Gevaert's photo-products company in 1994. Bayer acquired 100 per cent of the merged group in 1998.

Gevaert reshuffled its assets last year in a three-way swap with fellow Belgian holding companies Alcant and Cobepe, realising net capital gains totalling BF14.4bn from sales of stakes in the 12 months to June 30. Net profits for the year, including the gains, were BF15.4bn.

As well as buying shares in the market, Gevaert acquired 4.1 per cent of Holzmann from Deutsche and 15 per cent from Bochde, the German construction group,

in return for Holzmann convertible bonds.

Despite the share dilution which will result when the convertible bonds are exercised, both Gevaert and Deutsche will retain "more than 20 per cent" of Holzmann, Deutsche said.

Although Holzmann had turnover of DM35bn (\$7.5bn) in 1997, it has made heavy losses in the past two years. But Gevaert said the group was already back in the black after a restructuring programme.

## FT/S&amp;P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Index is based on FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The index is compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries.

NATIONAL AND REGIONAL MARKETS									
Region	Index	Change	High	Low	Open	Close	High	Low	Open
Australia (70)	174.37	1.9	174.37	170.80	170.80	174.37	174.37	170.80	170.80
Austria (21)	173.38	-0.7	173.38	173.28	173.28	173.38	173.38	173.28	173.28
Belgium (22)	359.84	1.8	359.84	359.25	359.25	359.84	359.84	359.25	359.25
Canada (120)	121.01	0.5	121.01	120.91	120.91	121.01	121.01	120.91	120.91
Denmark (23)	122.43	0.2	122.43	121.02	121.02	122.43	122.43	121.02	121.02
France (78)	424.92	2.3	424.92	424.82	424.82	424.92	424.92	424.82	424.82
Germany (158)	312.47	1.1	312.47	312.40	312.40	312.47	312.47	312.40	312.40
Greece (26)	214.00	-0.2	214.00	213.99	213.99	214.00	214.00	213.99	213.99
Hong Kong (107)	307.81	1.1	307.81	307.71	307.71	307.81	307.81	307.71	307.71
India (28)	51.68	-0.4	51.68	51.67	51.67	51.68	51.68	51.67	51.67
Ireland (16)	524.58	0.9	524.58	524.54	524.54	524.58	524.58	524.54	524.54
Italy (50)	105.40	0.9	105.40	105.39	105.39	105.40	105.40	105.39	105.39
Japan (145)	98.21	-0.2	98.21	98.20	98.20	98.21	98.21	98.20	98.20
Malaysia (29)	1108.30	2.3	1108.30	1108.20	1108.20	1108.30	1108.30	1108.20	1108.20
Netherlands (23)	643.29	1.8	643.29	643.28	643.28	643.29	643.29	643.28	643.28
New Zealand (18)	56.86	3.5	56.86	56.85	56.85	56.86	56.86	56.85	56.85
Norway (37)	204.10	0.5	204.10	204.09	204.09	204.10	204.10	204.09	204.09
Philippines (22)	32.98	1.0	32.98	32.97	32.97	32.98	32.98	32.97	32.97
Portugal (19)	203.82	0.5	203.82	203.81	203.81	203.82	203.82	203.81	203.81
Singapore (41)	203.82	0.5	203.82	203.81	203.81	203.82	203.82	203.81	203.81
Spain (30)	176.75	0.8	176.75	176.74	176.74	176.75	176.75	176.74	176.74
South Africa (38)	377.20	-0.2	377.20	377.19	377.19	377.20	377.20	377.19	377.19
Sweden (24)	426.78	0.4	426.78	426.77	426.77	426.78	426.78	426.77	426.77
Switzerland (20)	415.50	1.9	415.50	415.49	415.49	415.50	415.50	415.49	415.49
Thailand (35)	21.73	-0.5	21.73	21.72	21.72	21.73	21.73	21.72	21.72
United Kingdom (207)	367.52	0.7	367.52	367.51	367.51	367.52	367.52	367.51	367.51
USA (520)	452.27	1.8	452.27	452.26	452.26	452.27	452.27	452.26	452.26
Americas (200)	429.18	1.5	429.18	429.17	429.17	429.18	429.18	429.17	429.17
Europe (734)	245.11	1.1	245.11	245.10	245.10	245.11	245.11	245.10	245.10
Europe (24)	102.25	1.2	102.25	102.24	102.24	102.25	102.25	102.24	102.24
Europe (145)	464.67	0.8	464.67	464.66	464.66	464.67	464.67	464.66	464.66
Pacific Basin (73)	105.92	0.1	105.92	105.91	105.91	105.92	105.92	105.91	105.91
Pacific (18)	132.40	0.5	132.40	132.39	132.39	132.40	132.40	132.39	132.39
Asia-Pacific (164)	303.84	1.5	303.84	303.83	303.83	303.84	303.84	303.83	303.83
North America (78)	324.28	1.2	324.28	324.27	324.27	324.28	324.28	324.27	324.27
Europe Excl. UK (127)	324.28	1.2	324.28	324.27	324.27	324.28	324.28	324.27	324.27
Europe Excl. UK (200)	324.28	1.2	324.28	324.27	324.27	324.28	324.28	324.27	324.27
Europe Excl. UK (300)	324.28	1.2	324.28	324.27	324.27	324.28	324.28	324.27	324.27
Europe Excl. UK (400)	324.28	1.2	324.28	324.27	324.27	324.28	324.28	324.27	324.27
Europe Excl. UK (500)	324.28	1.2	324.28	324.27	324.27	324.28	324.28	324.27	324.27
Europe Excl. UK (600)	324.28	1.2	324.28	324.27	324.27	324.28	324.28	324.27	324.27
Europe Excl. UK (700)	324.28	1.2	324.28	324.27	324.27	324.28	324.28	324.27	324.27
Europe Excl. UK (800)	324.28	1.2	324.28	324.27	324.27	324.28	324.28	324.27	324.27
Europe Excl. UK (900)	324.28	1.2	324.28	324.27	324.27	324.28	324.28	324.27	324.27
Europe Excl. UK (1000)	324.28	1.2	324.28	324.27	324.27	324.28	324.28	324.27	324.27
World Excl. UK (1000)	324.28	1.2	324.28	324.27	324.27	324.28	324.28	324.27	324.27
World Excl. UK (2000)	324.28	1.2	324.28	324.27	324.27	324.28	324.28	324.27	324.27
World Excl. UK (3000)	324.28	1.2	324.28	324.27	324.27	324.28	324.28	324.27	324.27
World Excl. UK (4000)	324.28	1.2	324.28	324.27	324.27	324.28	324.28	324.27	324.27
World Excl. UK (5000)	324.28	1.2	324.28	324.27	324.27	324.28	324.28	324.27	324.27
World Excl. UK (6000)	324.28	1.2	324.28	324.27	324.27	324.28	324.28	324.27	324.27
World Excl. UK (7000)	324.28	1.2	324.28	324.27	324.27	324.28	324.28	324.27	324.27
World Excl. UK (8000)	324.28	1.2	324.28	324.27	324.27	324.28	324.28	324.27	324.27
World Excl. UK (9000)	324.28	1.2	324.28	324.27	324.27	324.28	324.28	324.27	324.27
World Excl. UK (10000)	324.28	1.2	324.28	324.27	324.27	324.28	324.28	324.27	324.27

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**FTSE GOLD MINES INDEX**  
Dec 17 11:59 AM  
Gold Index (24) 101.25 -0.5  
Silver Index (24) 101.25 -0.5  
Copper Index (24) 101.25 -0.5

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# COMPANIES IN MARKETS

Weekend December 19/December 20 1998

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PRINTERS  
FAX MACHINES

## GM invests \$456m to up Isuzu stake to 49%

By Paul Abrahams in Tokyo

General Motors of the US yesterday paid \$456m (\$456m) to lift its stake in Isuzu, the troubled Japanese truckmaker, from 37.5 per cent to 49 per cent. The companies also announced a strengthening of their collaborative efforts in diesel engines and trucks.

The move is the latest restructuring in Japan's ailing truck industry, which has been hit by a 55 per cent collapse in domestic demand to just 50,000 vehicles this year.

Prices have also fallen as manufacturers offer greater discounts to shift inventories, that analysts estimate are equivalent to six months of sales.

Under the terms of yesterday's deal, Isuzu will sell 232.5m new shares to GM at ¥226 a share. Although the announcement was made after the market had closed, Isuzu shares closed up ¥8, or 3.7 per cent, at ¥225.

Jack Smith, GM chairman and chief executive, said despite the difficult environment there would be no

changes in Isuzu's management.

He has made clear recently that the US group remains keen to take advantage of investment opportunities created by the economic difficulties in the region.

Kazuhira Seki, Isuzu chairman and chief executive, said the proceeds from the share issue would be used for investments and to strengthen the group's balance sheet.

However, Kunihiko Saikawa, automotive analyst at ING Barings in Tokyo, warned that the additional funds would make little difference to Isuzu's financial position.

The company has a net debt of ¥920bn and a net debt to equity ratio of 1,000 per cent.

Isuzu, which is expected to incur a consolidated loss this year of ¥5bn, needs funds urgently to develop new technologies to meet stricter environmental standards.

The group is also having difficulties accessing the bond market.

It has ¥37bn worth of bonds maturing this financial year

and a further ¥30bn due in 2000.

But issuing new paper may prove expensive, if not impossible, as Isuzu is already being forced to pay a premium of 150 basis points over Japanese government bonds, according to Goldman Sachs.

In addition, Japanese banks in general are becoming more cautious in their lending, forcing Isuzu to fall back on GM, its biggest shareholder, for funds.

Mr Smith said the two companies would attempt to use common cab, chassis and vehicle design.

Isuzu will take the lead role in engineering GM's next generation of commercial vehicles, although the US company will retain control of the vehicle's design.

In the US, GM recently gave Isuzu lead responsibility for

## SGS to cut 3,500 jobs as loss of \$225m is feared

By William Hall in Geneva

Société Générale de Surveillance, the world's biggest testing and inspection company, plans to shed up to 3,500 staff, or 12 per cent, of its workforce, and drop its dividend in an effort to restore profitability.

SGS, which has been hit by upheavals in emerging markets and the loss of its two biggest and most profitable government inspection contracts in Pakistan and Indonesia, expects a 1998 net loss of \$225m (\$225m) after a \$243m pre-tax charge.

The Swiss group also unveiled a corporate plan that included the sale of GAB Robins, the world's second biggest insurance loss adjusting business. It may also sell its clinical trials business and seek an initial public offering of its medical pathology interests.

SGS wants to reduce its dependence on the high-margin but volatile government contract business, where it has a 70 per cent market share. It is seeking to concentrate on verification, testing and certification services, where it has been losing market share.

Max Amstutz, the new chairman, was confident SGS "will fully recover its earnings power". Tony Caura, chief executive, said the group had "let its cost structures get out of hand and needed to restore some financial discipline".

SGS bears shares fell from more than \$22.900 in early summer to a low of \$17.850 a couple of months ago, but have risen sharply ahead of the expected restructuring plan. Yesterday, shares jumped early on, but fell back to close at \$21.250, reflecting concerns that SGS might have been overly ambitious in its new profit targets.

The group wants to increase core revenues by 10 per cent a year, achieve a margin on earnings before interest and tax of 10 per cent, and a minimum return on equity of 20 per cent. Analysts noted the targets were similar to what the old SGS had been earning when the bulk of its profits were generated by the government contracts business.

## THE LEX COLUMN

### Toil in Toyland

There may be a giggling, burping Furby sitting under most family Christmas trees this year. But as this week's profits warning from Mattel demonstrates, the toy industry has had little to smile about in 1998. Fickle consumers, few hot products and drastic inventory reductions by retailers - particularly the troubled Toys R Us - are making this the toughest season in memory. US toy sales are actually expected to fall by 2 per cent, the first decline for many years.

Next year should be better. With stocks back to sensible levels, sales should start to pick up again. Both Mattel and Hasbro, the industry giants, should reap margin gains from previous cost cutting. And there are high hopes for product lines from two upcoming movies: the new Star Wars (Hasbro) and Toy Story 2 (Mattel).

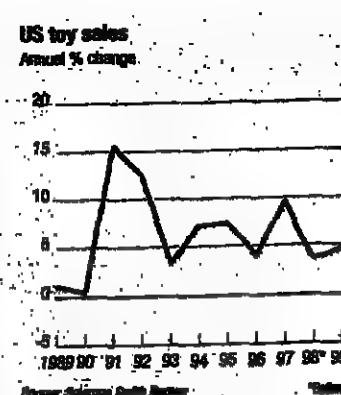
But that cannot hide the fact that toys are a mature market. Behind the hype caused by the annual bestseller, traditional toy sales are rising just 3-5 per cent a year. The real excitement is in video games, and software, with growth of 10-40 per cent. The big toy makers are responding. Mattel is buying The Learning Company, an educational software producer, for \$3.8bn. Both it and Hasbro are investing in interactive games.

They have also continued to snare up smaller traditional rivals - Mattel bought Bluebird Toys, of the UK, earlier this year. But with few sizeable targets left, this will bring only incremental benefits. For investors, toyland promises to remain a joyless place.

### European defence

The bombing of Baghdad hardly budgeted the defence or the oil price. But will it be any more significant for investors in Europe's defence industry? Most obviously, the conflict will drive down stocks of ammunition, missiles and other equipment. But this is small beer: an uptick of such sales at British Aerospace or General Electric Company, for example, will have minimal impact on profitability. More significant, however, would be a softening of the political drive for defence cuts; more military action means less peace dividend, which is good for the industry.

But what of greater European defence co-operation? France's grudging and qualified support of air strikes undermines the recent



Anglo-French declaration that the European Union should have a common defence capability. The continuing gulf between the two European countries with all-round military forces and a history of using them is painfully evident.

More importantly for investors, however, is that the French attitude drives ever deeper the wedge between it and the US. The implication for the consolidating European industry is that France remains more of a liability as a strategic partner than an asset, particularly to British companies with transatlantic aspirations. Aerospace's hopes of merging into the European aerospace and defence company contemplated by BAe and Dassault, for example, have hardly been helped by the French government's stance. Much the same goes for Thomson-CSF and its chances with GEC.

### Billiton

Billiton, the trailblazer for South African companies seeking a London listing, has missed out on the excitement. Since it split from Gencor in July 1997, the base metals group has fallen 80 per cent behind its adopted market. This slide has partly mirrored falling aluminium prices, but the company did not help matters. It rated \$1.5bn at its flotation only to end up a year later with \$2bn of spare cash and a plan to buy back shares.

The purchase of Broken Hill Proprietary's manganese assets may mark a turning point. It is Billiton's first acquisition of a business in which it did not already have a significant stake. BHP's presence in Asia and the US is also a welcome, if modest, way to spread the group's risk away from South Africa.

There are simple cost advantages

in being bigger. Controlling a fifth of world manganese ore production should give Billiton more power than smaller rivals in price negotiations. Investors should not get too carried away, though. Selling bulk commodities to Japanese steel producers, which are looking to share their pain, will still be tough. Manganese prices could come down by 5-10 per cent next year. Investors should watch out for further earnings downgrades as this dawn on broken.

Such price pressures should strengthen the case for consolidation among commodity companies. Billiton has left itself with sufficient cash to be an active force in that process, but it will need a more substantial deal to justify a rerating.

### Logica

Shares in IT stocks rose and plunged together. But some are finding it easier than others to climb back up. Take Logica and Sema, two service companies. The latter is hardly recording sluggish earnings growth. Forecasts are for around 20 per cent next year. But its shares have underperformed the market since October by roughly as much as Logica's have outperformed. Part of the explanation lies in upgrades to forecasts. Logica has had more of them. Yesterday's bullish trading statement set off another rash, with some pencilling in earnings growth of 40 per cent next year.

Logica provides IT solutions for complex systems, such as trading electricity. Banking and telecoms are its other main areas. The business is high up the outsourcing value-chain; margins are better for installing and managing a bank's settlement system than for running a call centre or sending in troops to fix the Millennium bomb. Yet despite the "tailor-made" quality of Logica's software, much of it is recyclable for other clients, which is handy for costs.

Sema, too, is in these market segments, but last year over a third of sales derived from facilities management contracts. These tend to have a lower value-added component. This activity may be duller, but it has the virtue of being more predictable because the contracts tend to run for longer. Of course, with both companies trading on a forward price/earnings ratio of more than 40, there is nothing dull about either rating. They are looking demanding again.

## BHP plans further asset sales as profits fall 45%

By Owen Robinson in Sydney

Broken Hill Proprietary, Australia's largest diversified mining company, yesterday unveiled details of further restructuring and asset sales worth more than \$1.1bn. The company also announced a 45 per cent fall in half-year net profit to \$438m.

The poor profit result for the six months to November was in line with forecasts, but the asset sales and restructuring surprised markets and supported BHP's share price, which rose nearly 3 per cent to \$12.00.

Paul Anderson, the new chief executive, warned shareholders not to expect a dramatic recovery in the group's fortunes, but promised to accelerate the pace of change through a sweeping asset portfolio restructuring programme. "Never before has BHP experienced market conditions where prices for so many of its

major products have fallen to this extent at the same time," he said.

First-half sales fell from \$10.6bn (\$10.6bn) to \$9.95bn. At the petroleum division, which performed strongly last time, earnings plunged 63 per cent to \$147m.

The closure of BHP's Bass Strait oil and gas operations following the September explosion at the Longford oil and gas plant - operated by BHP's partner Esso Australia - knocked \$60m off earnings.

But cost cuts in the period had offset the overall decline in profit by a net \$240m, Mr Anderson said.

The latest disposals netted \$460m through the sale of the Groote Eylandt manganese mine in northern Australia and the Tasmanian ferro alloy plant to Billiton, of the UK, and \$850m through the sale of property assets to Duke Energy Corp, of the US. Mr Anderson, who joined BHP last

month, was formerly president of Duke Energy.

BHP said earlier this year it planned to offload several billion dollars worth of non-core assets and further sales are expected next year.

Mr Anderson indicated last month that he intended to reshape the group into three main areas of business: steel, minerals and petroleum.

Large institutional shareholders welcomed a move by BHP yesterday to dismantle a complicated shareholding structure known as Beswick, set up in the 1980s to protect BHP from a takeover attempt. The shareholders have complained about the cumbersome structure, through which BHP essentially holds shares in itself. Mr Anderson said the restructuring would "increase transparency and remove an unnecessary complexity from BHP's corporate structure".

See Lex

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### Markets: Latest

FTSE 100	5,743.8	(-0.8)	IN STOCKS	
New York	2,211	(-1.0)	New York: Imaxshare	
FTSE 250	1,721.59	(-1.0)	S	1,807.7
FTSE All-Share	2,007.3	(-0.9)	London:	
Nikkei	14,194.28	(-0.7)	DAX	1,807.7
Dow Jones Ind	8,889.00	(-1.1)	FTSE 100	5,743.8
S & P Composite	1,181.01	(-1.3)	FTSE 250	2,211.2
EURO STOXX	1,181.01	(-1.3)	FTSE All-Share	2,007.3
EURO STOXX 50	1,181.01	(-1.3)	Nikkei	14,194.28
EURO STOXX 100	1,181.01	(-1.3)	Dow Jones Ind	8,889.00
EURO STOXX 200	1,181.01	(-1.3)	S & P Composite	1,181.01
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EURO STOXX 11300	1,181.01	(-1.3)	EURO STOXX 10900	1,181.01
EURO STOXX 11400	1,181.01	(-1.3)	EURO STOXX 11000	1,181.01
EURO STOXX 11500	1,181.01	(-1.3)	EURO STOXX 11100	1,181.01
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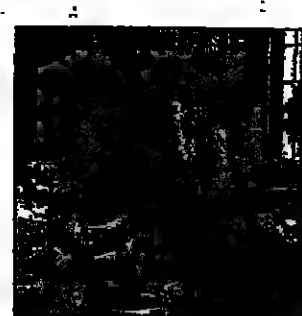
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## WEEKEND

DECEMBER 19 / DECEMBER 20 1998



**He's all at sea**  
*'At the end of 20 days on leg one, halfway, I was screaming to myself, 'When is it going to end?'*



**American treasure**  
*'Public gardens are often pretty bad at shapes and colours, but Longwood takes them very seriously'*



**Scents and aromas**  
*We ask a few very chic women and a group of men what they would like to sniff around their other halves*

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Page IX

With the collapse of communism, organised crime has roared into the breach. No state is 'clean', though Russia is worst, says John Lloyd

If there is an instant epitaph for the end of the 20th century, it is the old one that freedom never comes unattended. Its attendant is usually licence, and licence often leads to the opposite of freedom - to new tyrannies, albeit not of the state.

Two of the great freedoms at the end of this century have been the collapse of Soviet communism and the vast increase in the ease of communication.

Hundreds of millions of middle-aged and ageing people had direct experience of Stalin, and now live in states where free expression and political pluralism are at least officially available; when they were children hundreds of millions of their western counterparts knew communications as telegrams and operator-only telephones but now pick up internet lore from their children and grandchildren.

These two differing but very large freedoms have lifted both oppressions and horizons; but they have also greatly increased the reach and efficiency of organised crime. Sophisticated, smart and powerful, it has become globalised and omnipresent, impudently encoding itself in those networks which are essential for civilised life.

Crime in various forms and in differing degrees of intensity remains essential to the economies and politics of states as diverse as Italy, a rich member of the Group of Seven industrial nations, and Colombia, a poor Central American country dependent on the drug trade.

There are "clean" states, where criminality of some sort does not intrude more and more easily into public life and increasingly pollutes business life. The new kid on the crime block - tougher, more ruthless, cleverer, more desperate than the rest - is Russia. In less than a decade, it has succeeded in displacing the stereotype of organised crime. It is no longer Italian; it is Russian.

The collapse of communism released a miasma of crime from which the rest of the world now suffers. The murder in St Petersburg recently of Gaihar Starovoltova, the leading liberal politician, demonstrated once more that a common way to crush political as well as commercial competition is assassination.

Starovoltova's coffin went to a cemetery choked with the corpses of bankers, financiers, businessmen, enterprise managers and traders who had wittingly or unwittingly broken a law of the criminal world - in much of Russian society, the only kind of law which carries a real sanction. In the most lawless part of Russia, Chechnya, the heads of decapitated British telephone engineers showed that, at an extreme, states retreat before armed lawlessness into being just another paramilitary group.

Russian business now succeeds only insofar as it corrupts the state, or protects itself with small private armies, or both.



# Freedom to corrupt

Alena Ledeneva, a Russian sociologist who now teaches in Cambridge and specialises in describing the Russian criminal world, says that the problem is caused by the "roof", or protection, provided for the criminals by senior officials and leading politicians.

She was told by a senior police official dealing with organised crime that mafia groups "are not grounded in family and tradition as they are, say, in Italy. Organised, yes, but the control exercised by these organisations is not total, and they could easily be eliminated. It would be easy in technical terms - were it not for their 'roofs'."

There is, however, a branch of crime in which the Russians are proving themselves masters without 'roofs'. That is cybercrime: the criminal penetration of computer networks for gain, for espionage or for terrorism.

Expert Allison, the former Tory MP who writes thrillers under the name of Nigel West and has made himself an expert in security issues, says that cybercrime, the locus of the new information revolution, is also the "new field of conflict, with the protagonists ranging from the dedicated sociopath working in isolation, to international crime syndicates with access to quite gigantic sums of cash, to an undemocratic regime sponsoring an offensive against specific targets."

Allison says the first cyber espionage case - the penetration of the US military research communications network and the Cern physics laboratory at Geneva. American military computers are now attacked an estimated 1,000 times a day. The US military runs more than 2m computers on 10,000 local networks and 100 long-distance systems; they handle research, logistics, finance, personnel, procurement and payroll. "It is

easy," says Allison, "to be apocalyptic about what could happen."

Russians are good at cybercrime, according to Ledeneva, because so many of the Soviet computer networks depended on stolen technology and software and these habits have stuck. It is estimated that a mere 7 per cent of Microsoft software in Russia has been legally installed; Russians to whom I mentioned this figure tended to say, un-humourously: "So much?"

This unofficial culture creates conditions in which successful hackers flourish.

Ledeneva recently told a gathering of security experts in London: "It is not surprising that computer operators could combine their occupation with hacking and achieve exceptional skills, which made them in great demand at home and abroad."

One such figure was featured in the 1996 James Bond thriller *GoldenEye* - the under-utilised operator Volodya, whose manicured rapid skills help Bond save civilisation one more time.

Most do not, however, save civilisation. Robert Munro, director of the Centre for International Financial Crime Studies at the University of Florida, says Russian organised criminals "have penetrated the Internet's global web of 60,000 networks by recruiting Russian computer scientists who were once privileged members of the elite Soviet military-industrial complex."

If the Russians are skilled and available, they are hardly alone. A report this year claimed the existence of a meeting of Russian, Colombian, Italian, Chinese and Japanese crime bosses somewhere in Europe to discuss issues of mutual benefit, including cybercrime. A senior British policeman was quoted as saying that "there has been an astonishing growth in transnational [crime] groups. The legal economy has gone global and the crime economy has gone global as well."

Electronic money transfer, which the market now demands to be rapid and ubiquitous, also offer a medium for money laundering and disguise which could, according to Munro, "pose a serious threat to the international financial system next century."

Electronic money transfer is more rapid, leaves less trace and is more tightly regulated than its paper-based ancestors; the billions of dollars which are, it is estimated, "washed" every month through financial markets such as the City of London mean that an increasing share of investment is now being made with illegal funds.

How does it work? In a variety of ways. Money can be put in a jurisdiction - such as Switzerland - in which banking secrecy laws are high; from there, it can enter into the conventional banking system. Electronic transfers allow the money to be switched from bank to bank with great rapidity, leaving faint and complex trails.

Or the holders of dirty money can establish a shell company, issue shares, and buy the shares with the dirty money which is "washed" by the properly documented purchase of the shares.

Money laundering is now, according to international experts, the fastest-growing sector of crime - one hugely aided by computer network technology.

The City of London is a prime "laundry" because of its extensive transactions; Perry Nove, head of the City police, gave an interview to *The Lawyer* magazine recently in which he claimed a number of lawyers in City firms were assisting criminals to launder their money. A senior intelligence services official estimated that £200bn has been laundered through the City every year for at least 10 years, in part a reflection of the flood of money released by the collapse of communism.

Of that, police discovered a risible £56m.

If the estimate is right, the odds on discovery are infinitesimal. Professor Barry Rider of the Institute of Advanced Legal Studies at London University, who cites these figures, says "the evidence clearly shows that laws criminalising attempts to launder money have had little impact on either criminals or their organisations".

Rider believes that the war against money laundering is being lost; both the police and the criminal justice system are too cumbersome to do more than make token slashes at the growth of the phenomenon, largely, he believes, because the courts insist on a standard of proof

which will simply not normally be available.

He says the only route is to place the onus on individuals, organisations or banks to prove that a sudden access of suspiciously acquired wealth on the part of someone with previous convictions is legal - a move foreshadowed by the UK Proceeds of Crime Act, 1998.

"If we are not prepared to take these steps," says Rider, "then our most realistic hope for the future is that the drugs barons (or money launderers, or gang bosses) of today will become our future rulers."

A determined attack is being made to slow the growth of one area of crime. Corruption - typically, the paying of bribes or other favours by businesses in search of contracts - has existed as long as governments have wanted work done, last year, Dutch archaeologists uncovered lists of corrupt officials kept by an Assyrian interior minister 34 millennia ago.

The US is leading the attack, with its 21-year-old Foreign Corrupt Practices Act, a reaction to the uncovering of bribery by US companies in Japan, Italy and the Netherlands, acting as an apparently real deterrent.

The Organisation for Economic Co-operation and Development is struggling to get a Code on Corruption ratified by its members, but is encountering the usual cultural difficulties. Bribery has, until recently, been a tax-deductible expense in Germany and Australia, among other countries. The British claim that its existing legislation outlaws bribery by UK companies overseas, even though no prosecutions have been brought.

"The whole point of this," says John Bray of the Control Risks Group, "is to get a level playing field, something the Americans are particularly keen on. It is a matter of taking the longer view:

if you bribe, you are in someone else's power. If you get a local partner to bribe for you in order to keep yourself technically clean, you hand over a significant part of the core management function - and it leads to further demands for bribes."

The perception of the business world as an increasingly corrupt and corrupted one has reality. The coincidence of great freedoms - to communicate, to trade and to live freely - has brought great risks to the security of the capitalist system which has seen itself as responsible, in full or in part, for the achievement of these freedoms.

Money laundering, cybercrime and corruption are growing, probably at a rapid rate. The distinctions between the clean and the dirty, the legal and the illegal, are blurring; institutions once thought to be beyond suspicion, such as big banks and City law practices, are implicated.

Communism, in its death throes, has lashed out at its old enemy, capitalism, and stung it hard. We enter into the new, cyber world attended by all the viruses of the old.

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**Joe Rogaly**  
**Make love not war**  
*'Israelis are supposed to be canny. If they are they will bring down their prime minister'*

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**NEXT WEEK**  
There is no FT next Saturday and so FT Weekend shifts to Thursday. Don't miss the start of a new mystery thriller, a four-day TV guide, a review of the sporting year, and plenty more - all on Christmas Eve.



## PERSPECTIVES

Minding Your Own Business

## A smokery's trade hampered

Christmas was bad news last year, but Christopher McCooley reports on an upturn for 1999

Andrew Wickham is hoping for a better Christmas this year than last. Looking to increase his corporate customer base by offering hampers of quality foods smoked in his smokery and festive bottles, he spent £18,000 on producing 13,500 glossy brochures.

He spent another £1,000 on buying a mailing list which targeted 5,000 people and companies in marketing, advertising and publicity – just the sort he thought would appreciate smoked salmon and fine wine.

"I employed an all-singing, all-dancing design consultant for the brochure and he, in turn, got a food technologist to lay out the food attractively."

"It was a complete waste of money," says Wickham with disarming honesty. "I did not get one response from the bought-in mailing list."

But last year's festive season was not a total disaster. The customers acquired over the eight years he has been running the business placed enough orders for him not to lose money. It was an expensive and hard lesson to learn. But learn he has.

This year he has shunned his glossy brochure so it now costs 20p to mail instead of last year's 31p. He has also had it printed locally, cutting the unit cost by over half but retaining most of the excellent photography. He has not bought in a targeted mailing list.

Instead he "cleaned" his own list by concentrating on the 3,500 to have ordered during the past two years.

The reduced mailing list, targeting loyal customers and not trying to cold sell should help, I suppose. I should have followed up last year's corporate mailing by working the telephone, but I'm not comfortable with that. Perhaps I should have got an agency to do tele-sales for me."

This year's new strategy, however, appears to be paying off. By this week, mail order from the 1998 Christmas brochure is up 50 per cent on last year.

The Weald Smokery hamper business has the advan-



Andrew Wickham, whose loyal customers kept him solvent last Christmas: "I suppose I should have followed up last year's corporate mailing by working the telephone."

Christopher McCooley

tage that all the items contained in the hampers are also on sale in the shop, so if they haven't been sent out by Christmas they can still be sold in the new year.

For 10 days in the run-up to Christmas, he is using a redundant farm building at Pluckley owned by his father as a packing station. Ten local casuals are hired to pack the parcels. Wickham uses the Royal Mail and Interlink for delivery. "It's so important to have a good carrier," he says.

The Weald Smokery was founded in 1982 by Brian and

Ingeborg Nicholas, who had learned the craft of smoking in Ingeborg's home country of Germany. In the late 1980s, Wickham had put the word around among friends and associates that he would like to run his own business. He had trained as a land agent and qualified as a chartered surveyor.

The Nicholasses had put their five-bedroom Victorian house, farm buildings, 1½ acres and smokery business on the market for £380,000. Wickham put in an offer, conditional, if accepted, on the owners agreeing to

impart their knowledge of smoking before departing. A compromise price – one-third funded from family money, one-third from the bank, and a third from the sale of his house – was reached and Wickham, then 28, spent a month learning how to operate the smoking kilns.

"The business was a going concern with a turnover of £70,000 a year," recalls Wickham. "My plan was to double the turnover in the first year, and double it again over the next two years. The Nicholasses had been happy

to be a husband and wife team and although my wife Corinne and I wanted to work together, we also wanted to take on staff and employ a manager."

The goals for the first three-year plan have been achieved. Two part-time workers run the shop – open seven days a week – between them. There are also two full-time smokers and packers, one of whom is the manager. Turnover last year was approaching £300,000, 25 per cent of which was realised in December.

In time for this year's

Christmas season, a new shop, financed by a £70,000 bank loan, and effectively doubling the display area, has been built on site. The shop has a stainless steel kitchen, which will be used next summer in the preparation of sandwiches made from bread baked from part-frozen and filled with smoked products.

"Time, texture, look and feel – not digital-controlled panels and ringing bells – is what traditional smoking is all about," claims Wickham. "We smoke the traditional way using brick kilns and

open oak log fires. Apart from the natural preservatives in salt and smoke, all our food products are free from preservatives and artificial colour."

As well as drying the fish, smoke adds natural chemicals, such as formaldehyde, and alcohols, which act as natural preservatives.

Mail order accounts for 15 per cent of the business; wholesale to pubs, restaurants and other shops is about 20 per cent and the remainder is retail.

"Passing trade is very good in the summer – we're

just off the main road to Hastings; people that call in are usually heading for Rye. The further our regular customers come, the better it is for us: if they have made a special journey they tend to buy more." Fishermen bring their own catch to be smoked – at £1.50 a pound.

The Weald Smokery has built its reputation on salmon from Scotland, rainbow trout from Gloucestershire, eels from Lough Neagh in Northern Ireland, venison from Wadhurst Park where the fallow deer are culled, duck breasts from France, mussels from New Zealand, and haddock and cod from the North Sea.

"Toulouse" sausages are made by a Kent butcher but smoked on the premises. "I prefer to buy from suppliers I know and trust," says Wickham. "I'm prepared to ride the ups and downs in the price from regular suppliers rather than shop around for the cheapest at the time."

Only English oak is used in the smokery. The logs employed in "hot" smoking (where the product is cooked and then smoked – sausages, trout and eels) are well-seasoned wood. "Cold" smoking, where smoke is passed through a kiln – but not recycled – uses oak chips and Wickham gets these from the Tudor Oak furniture company in nearby Cranbrook. It's a waste product; goodwill is retained by a judicious gift of smoked salmon from time to time.

Because fire is involved, a strict watch has to be kept on the kilns when in use. Things can go wrong. Wickham's predecessor lost a whole kiln of smoked salmon for the Christmas market when the "cold" smoking turned into a "hot" smoking. Duck is very fatty and once 300 breasts went up in smoke when the dripping fat ignited. Fortunately Retained Wickham 1998, aka Andrew Wickham, was on hand and did not have to dial 999 for his colleagues to come with their engines from nearby Hawkhurst.

■ The Weald Smokery, Mount Farm, Flimwell, East Sussex, TN11 9LJ; Tel 01580 879601 fax 01580 879564.

The Nature of Things / Thomas Barlow

## Primed for panic control

Emotions are normally thought to be beyond the reach of science. Pleasure and pain have superficial explanations in terms of brain chemicals such as serotonin and the endorphins. But chemicals are only part of the story: in reality, even the simplest of emotions are triggered and sustained by a host of complex interactions between millions of different neurons in the brain.

This makes the biological mechanisms of more complex emotions such as love or amusement seem impossible to unravel. Worse still, what about qualities such as generosity, kindness, or courage – can we ever hope to understand any of these?

The Concise Oxford Dictionary defines courage as "the ability to disregard fear". This is fortunate because, of all our emotions, fear is one of the best understood. Perhaps our understanding of an emotion like fear can assist in an explanation of a quality like courage.

Consider a rat confronted by a

cat. Its emotional response to the situation depends on two factors: certainty and distance. Depending on these, it will respond in one of four ways.

First, if the rat finds itself cornered, so the cat is threatening and very close (you could call this a clear and present danger), the rat has no choice but to fight, and it does so instinctively, violently and aggressively. Anyone who has seen a rat fighting in such a situation would not hesitate to call it courageous.

Second, suppose the danger posed by the cat is just as certain, but this time the cat is not so close (a clear, but not so present danger). Here, the rat will try to escape, but again the response is wild, undirected and involuntary. In contrast to the previous case, a human observer, watching the unpredictable darting, the mad leaps in the air, and the sheer panic of the performance might be tempted to associate this with cowardice.

Third, if the rat "smells a cat" but cannot see it (in other words, where there is neither a clear nor

certain danger, just the potential for danger) the rat will freeze, immobile. Few would designate this behaviour as specifically courageous or cowardly.

Leaving the fourth response for a moment, can we learn anything from these three examples about what it means to have courage?

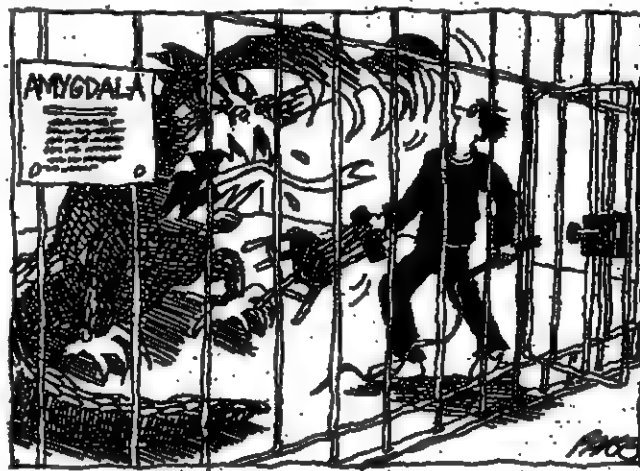
Jeffrey Gray, professor of psychology at the Institute of Psychiatry in London, says that despite the apparent differences in behavioural response, the processes taking place in the rat brain in each of these three scenarios are similar: they represent panic responses to a situation of fear. In other words, courage or cowardice probably have nothing to do with this. We're simply observing different manifestations of a single emotion: instinctual panic.

Quite a bit is known about the brain physiology of panic. Imagine the inside of the rat's head as a rugby ball. High up on the sides – about where you'd grip the ball as a rugby player – are two structures known as the hippocampus and the amygdala. The hippocampus is the part of

the brain involved in the analysis of spatial position and also in memory. In a threatening situation, the hippocampus instructs the rat's body to stop doing anything that might interfere with finding a solution to the threat. It is also responsible for the complex thought required to analyse and continue monitoring the situation as it develops.

The amygdala, meanwhile, appears to be the region responsible for both priming the body for vigorous action, and then for triggering the three forms of panic: the frenzied attack, the unpredictable escape, and extreme immobility. It does this by sending a signal to the base of the brain, to the hypothalamus and central grey area of the midbrain. These parts control body function.

How does all this relate to courage? If the ability to disregard fear can be seen as synonymous with the ability to control panic, courage is perhaps manifested by the ability to inhibit the signal sent by the amygdala to the brain stem.



Rats may not be able to do this consciously, but they are able to do it. Indeed, it is an important aspect of their fourth common response to danger.

Imagine the rat smells a cat, as in the third, immobilising case. But this time, it is compelled nonetheless, by extreme hunger or a voracious sexual appetite, to explore the environment from which the smell-of-cat is emanating. The rat moves forward cautiously, continuously gathering information and assessing the risk of its action. Every muscle is tensed so that it is poised to run like crazy, or fight – but it is not panicking.

Nervous – perhaps fearful – but simultaneously primed for vigorous action and restraint, this is the rat's response to danger that, to my mind, most resembles courage. Something is inhibiting the signal from the rat's amygdala which would otherwise trigger panic.

In rats, panic control seems to come from the hippocampus. We know this because if you remove the hippocampus in rats you deny their ability to restrain the extreme, uncontrolled behaviour that occurs during panic.

Are humans doing something similar when they exhibit courage?

In terms of emotions such as fear and panic, human and rat brains are similar. "There is no question in my mind that human emotions relate very closely to the emotional states of our mammalian cousins," says Gray. "The major difference is that the triggering stimuli in humans couldn't occur in animals. Human thought processes are involved, notably in triggering, but also in controlling our emotions."

Humans are able to send verbal signals from the neo-cortex (the conscious centre of the human brain) to the hippocampus and vice versa. This suggests a possible pathway for human courage: the neo-cortex sends a signal to the hippocampus to inhibit the panic trigger sent from the amygdala to the lower brain.

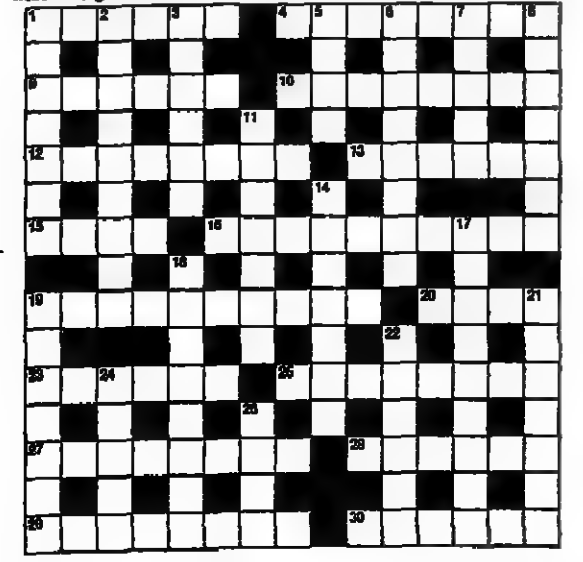
In a more extreme form of courage, in which not the slightest bit of anxiety is felt in response to a threat, maybe the prime-for-panic trigger sent from the amygdala to the lower brain is also controlled.

In any event, like a rat, we may do it instinctively or, unlike a rat, we may do it consciously, but either way, in order to be courageous, it seems we must find a way to inhibit a signal transmitted from our amygdala down to our brain stem.

## CROSSWORD

No. 9,869 Set by CINEPHILE

The prize of a matching set of finely engraved personalised notepaper, envelopes and correspondence cards on Euro Kid Finish Paper from Crane & Co will be awarded for the first three correct solutions opened. Solutions by Wednesday December 30, marked Crossword 9,869 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8UL. Solution on Saturday January 2.



Name: \_\_\_\_\_  
Address: \_\_\_\_\_

WINNERS 9,857: H.A. Cleave, Crediton, Devon; J. Doe, Bath; Clio Elsen, Eaglesham.

Crossword sponsored by  
**Abels International**  
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SINCE 1801

ACROSS

- 1 Ability to accelerate quickly in small truck (4,2)
- 2 But does it give a boot from Cruise & Co? (6)
- 3 Watch the heart! (6)
- 4 Standard means to churn cheese (6)
- 5 True-lined walks – made badly, unfortunately, outside (6)
- 6 Blind book (6)
- 7 Convenience, parking on head (4)
- 8 Listens in, having freshly passed over (10)
- 9 Declines nothing with craze and compulsion to drink (10)
- 10 Shut down stall (4)
- 11 Liable to change (6)
- 12 Break off from a line-out at Exeter, initially (7)
- 13 Walking on parts for highwaymen (8)
- 14 A trial, fixed, may lead to a rope (6)
- 15 Shambled, being burdened (6)
- 16 Violation against article of war here (6)

Solution 9,868

LARGESSE ABABES  
PICHINES RAPHOR  
E A R R I E  
NINEBEN HEAVEN  
S I E R I N G  
S T R U G G L E D  
A T A T T E E  
U N S C R I P T E D  
S E E I N G A T A R  
H A N N I N G E N E A R I O  
U Y E A O N O  
O U R D A Y P R E S I D E N T  
I N I D L E N H  
S H A M A N R E P O R T E R

DOWN

- 1 Unsuspected danger in mine – fault? (7)
- 2 Elated, give bird a ring (6)
- 3 Porous ice in a French environment is irregular (6)
- 4 On your bike, abroad? (4)
- 5 Pop article in French newspaper (6)
- 6 Alternative for musicians in exotic oasis (6)
- 7 Cavalryman's quadrille? (7)
- 8 Fruit and nuts (7)
- 9 They get signals when a serial is broadcast (7)
- 10 Car is next used for bus-tourism (6)
- 11 Cave in mountain-pass fault (6)
- 12 Dreary unemployment benefit, barely sufficient (7)
- 13 They pluck strings from carpet left to deteriorate (7)
- 14 Set off for overhaul (6)
- 15 Flower flourishing? (5)
- 16 Slight advantage in bed, generally (4)

Solution 9,857

SUSHER ABABES  
A B A B E S  
E N G A G E D A N O R D I  
W A T C H O U T  
H A N N I N G A N I M O  
E A U I E R  
I G E N T E R R A N G E M E  
N O R A H  
E T C H I N G S O C I E T Y  
F A U L T I N R  
H A I R S M O O N S T R O C K  
V I T A M I N H  
G I N S A N D B E C I A L  
S E C A N N I  
W I D E R A P P H I N

## BRIDGE

Quietly efficient declarer play is always impressive. On this deal, from a teams match, the first declarer created plenty of action but only seven tricks. The second declarer gently, but firmly, compelled his opponent to help him, and made eight tricks.

**N**  
♠ K 7 3  
♥ Q 5 2  
♦ 10 6 5  
♣ Q 10 9 3

**E**  
♠ 10 9 8 4 2  
♥ 7 4  
♦ Q 9 8 3  
♣ 7 5

**W**  
♠ A J 5  
♥ A 8 6  
♦ K 4 2  
♣ A J 6 4

Dealer: W

Love All

North East South West

NB NB DBL NB

2C NB 2NT

A 1NT overcall in the protective position is usually played as about 11-14pts, so South doubled first, and then rebid NTs over North's response to show 15-18pts.

West started with J7 and, at the first table, the declarer won with Q7, took the losing club finesse, and

won West's heart continuation in hand with A7. He then played a spade to K4 and finessed J4, losing to West's Q4. West cashed his hearts and A4 to set the contract.

At the second table, the declarer also won the first trick with Q7 and took the losing club finesse. When West continued with J7, he won this in hand with A7. Realising that the bidding indicated both Q4 and A4 were probably wrong, he took advantage of West holding all the good cards and set up a little endplay. Accurately, he cashed two more rounds of clubs, which was enough to remove West's clubs without leaving himself open to being squeezed later on. He then exited with his last heart.

West cashed his three heart winners – on which South dropped a diamond and his last club – but now found himself forced to provide declarer with his eighth trick. Either he led a diamond away from his A4, or a spade from his Q4. Before he had a chance to do either, declarer tabled his cards, explained his claim for eight tricks, and calmly scored up the board.

Paul Mendelson

## CHESS

It's often anti-intellectuals outside big cities who create the most enduring and best organised chess events. Owens Corning Wrexham, now in its fifth year, is a partnership between a leading US company with a large fiberglass plant in Wrexham, the council providing the excellent Redwither conference centre for play, and organisers from the local chess club.

Owens Corning 1998 ended in a tie between a Swede and an Icelandic. The young English master Webster impressed in third place, while the local club champion, representing Wales, won one of the best games (R. Dineley v S. Pedersen).

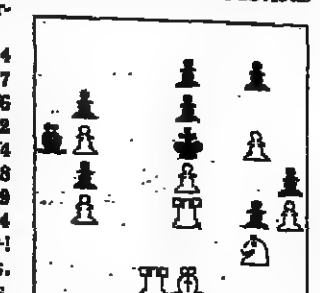
1 e4 e6 2 d4 d5 3 Nc3 Nf6 4 e5 Nd7 5 Bc3 c5 6 e6 Nc6 7 Ne2 Qb6 8 Nf3 cxd4 9 cxd4 f6 10 exf6 Nxf6 11 0-0 Bc6 12 b3 0-0 13 Bf4 Bxf4 14 Nxf4 Bxf4 15 Bc1 Bc8 16 Bb1 Kh6 17 g3 e5 18 Bxc6 Qxc6 19 dxc6 Ng4 20 e6 Bxc6 21 Nd4 Qc8 22 Qxg4 Re1 23 Ng4+ Kg8 24 Bxcl Resigns. Ireland's Kilkenny congress, now in its 22nd year, displayed the rising talent of the City of London schoolboy Luke McShane, 14. McShane shared first prize with two GMs and won in style against Russia's Sergei

Tivikov, a former title candidate still ranked in the world top 30.

Support from the computer firm Pison gives McShane top-class coaching, and he already has one of three required norms needed to become a grandmaster and break the UK age record held by Michael Adams at 17. He competes later this month at Stockholm, with good chances for norm number two.

No 1262

White mates in three moves, against any defence (by V. Blumberg). Since g7-g6 is Black's only legal move while Bc2-c1-b2 is an obvious



white try, this ought to be easy, but it's a stiff test of your chess imagination.  
Solution, Back Page  
**Leonard Barden**



## PERSPECTIVES



Ethics Today

## Will it be congratulations or super-Scuds?

Israel believes only security can bring peace. Joe Rogaly says it ought to know better: only peace can bring security

High-tech weapons do not distinguish between targets on religious grounds. They home in on the just and unjust with equal accuracy. It simply depends on who sets the co-ordinates and presses the button marked "fire".

We regard the Baghdad regime as a dictatorship: Jerusalem's as democratic. In the world of ballistics it makes no difference. If cruise missiles and smart bombs can lambast Iraq today it follows that crude missiles, probably less precise but possibly more lethal, could destroy Israel tomorrow.

This outsider's boldness, this impudence, can be defended. I have as much interest in the long-term survival of Israel as any other far-flung member of its dominant tribe. I am British by

choice, but that does not blind me to the terrible consequences that would follow the obliteration of the Jewish state. We who constitute the Diaspora would not be untouched by the fall-out.

That is why it is with apprehension, not pleasure, that I offer this weekend's statement of what to me seems obvious. Here goes: a medium-tech rocket attack could cripple Israel.

There are plenty of objections to this thesis. There appears to be no immediate danger, at least at the time of writing. Israel's neighbours do not possess the necessary technology. The Palestinians are impoverished. The US will not permit the development of weapons of mass destruction in the Middle East (Israel excepted).

AR true, but we should cast

our minds five or 10 years ahead. Most Israelis have good reason to appreciate this. The lesson was rammed home in 1991, when Iraqi Scud missiles reached Tel Aviv.

In some future conflict the warhead could be nuclear, possibly fished from a Russian warehouse, the machine conveying it a degree or two more sophisticated. Retaliation would follow, but what would be left after the smoke had cleared?

That might sound alarmist to some Israelis. According to accounts in my database they are reported to feel more secure than at any time since 1948. Their tiny new nation has survived its first half-century behind its own special laager.

Put this if it has the US to thank for some of the arms and much

of the finance that made its achievement possible. Formal peace agreements have been signed with Egypt and Jordan. Israel's military prowess is unmatched by any potential enemy. It is increasingly self-reliant. Why should this superiority not continue?

It might, for a while. But the guarantee is not indefinite. One reason is that the influence of friends of Israel in the US cannot be relied on forever. Sooner or later an American president will seek a reappraisal of Middle Eastern policy, which at the very least could mean an unwillingness to support its prickly ally in every circumstance.

In short, it would be foolish to regard the current attack on Iraq as evidence of the line a future White House would take against

a belligerent Arab state. The decision to seek and blow up military targets may have been unavoidable, given Saddam Hussein's intransigence. But a weakened Bill Clinton, or a successor possessed of a different global vision, might act differently.

Israel, which was not directly involved in the events leading to this week's attacks, would be wise to base its strategy for surviving the next 50 years on coming to terms with its neighbours. The only sure way of preventing a 21st century holocaust is to make a lasting and genuine accommodation with the Arabs in general and the Palestinians in particular.

This requires a reversal of the assumption that only security can bring peace. Only peace can bring security. You might say

that that, too, is obvious. It should be, but the point is not apparently, taken by the Israeli government. Benjamin Netanyahu has, sort of, accepted the least he can of the Oslo peace agreement and its successors, but he has done so grudgingly, obtrusively, and only when obliged by US pressure to move.

Sad to say, Mr Netanyahu often does or says things that must surely create further bitterness and add to long-running enmity. This week he rebuked the visiting US president for saying he was as moved by the children of Palestinian prisoners as he was by those of murdered Israelis. Children are children, even if their parents have transgressed. The Palestinians are also imperfect. Their leader is erratic, their disavowal this

week of any intention to eliminate Israel questionable. The rights and wrongs of this long-running tribal war are too familiar to be rehearsed again here. What is required is a set of leaders big enough to focus on peace, like those who served South Africa and Ireland so well.

Israelis are supposed to be canny. If they are they will bring down their prime minister, hold elections, and pray for the emergence of a better quality of national leader. He or she might at least recognise that to build trust you have to start by treating your opponents as equals.

A message of congratulation could then be scrawled on a 1999 Christmas card from friends in the West. That would be better than super-Scuds a year or two later.

Lunch with the FT

## Water, salad and too few one-liners

P. J. O'Rourke was in a rush. Lucy Kellaway, an erstwhile fan, was disappointed

I was looking forward to lunch with P.J. O'Rourke.

I had read the books and laughed at the one-liners. I had seen him on television and admired the crooked smile; heard him on the radio and liked the drawly voice.

I polished my shoes, had my hair done and headed for the White Union in Kensington.

Things started to go wrong at once. The restaurant was empty save one grim little office party. There was a blow heater in the middle of the floor and a slightly unpleasant smell.

I sat and waited. No P.J.

I waited some more. Still no P.J.

Three quarters of an hour later his publicity woman came running in waving a piece of paper with his packed schedule written on it. He was in such demand that she was squeezing in extra interviews all the time.

Presently P.J. himself arrived, looking fed up and disappointingly small. Off came the immaculate Aquascutum raincoat and Paisley silk scarf to reveal a perfect Savile Row pinstripe suit. Was this American journalist wearing fancy dress to celebrate the British leg of his media tour, or does he always dress like that?

Outside in the street a journalist dressed as a journalist - ie scruffy - was peering in through the window. He turned out to be a hack from the Daily Mail who had been permitted to shadow P.J. all morning, just something about this media frenzy.

"I've become a national pest," said P.J. "When I get out of the country tomorrow

it won't be a moment too soon." I laughed. Maybe it was going to be OK, after all.

He ordered some water and looked at the menu. "What do you suppose that great long unpronounceable thing is?" he drawled at the waitress, who told him.

"I think not." He pursed his lips sarcastically. "Do you just have a salad?"

Another bad sign. This man is always bragging about how much he drinks, but turns out in true life to prefer water and salad.

He started to talk, almost at random. The first subject he alighted on was the IRA.

The only thing I ever wanted was not to be a salesman. But there's no escape from marketing.

"I find it utterly morally repulsive that Gerry Adams can sit at a table with law-abiding citizens. As far as I'm concerned anyone who has ever planted a bomb or helped anyone else plant a bomb should go to the chair."

I checked his face for signs that this might be a parody but found none.

Soon we shifted to Bill Clinton.

"Clinton has spent his entire life serving his own self-interest. Leaving behind him a trail of people he has hurt. An utterly immoral, worthless man, and the Monica stuff is a piece with all

the rest. A man without shame, without dignity, without care for anyone else."

I was having three difficulties with this line of talk. The first was that I could hardly hear it. He spoke so low, muttering and barely looking at me, I kept on having to say: What? Sorry? Can you say that again? The next problem was that I kept on expecting jokes and finding none. The third was, the views themselves, which were presented in a way that did not invite discussion.

I mumbled something about how the whole Clinton thing did not show journalists in a particularly good light.

"You are a journalist. You can change it." I explained that I worked for the Financial Times and that sex wasn't our thing. He shrugged.

Economics, the subject of his new book, *Set the Rich*, seemed more promising subject matter. O'Rourke is pretty hard on economic theory, arguing that it is irrelevant rubbish that hip people like him rightly never dreamed of studying.

I started an earnest defence of the supply and demand curve, the marginal cost curve, but he waved his arm dismissively.

"I'm a lifelong journalist," he said. "I do know something about explaining stuff to people. Graphs are not a good way of explaining things. Some people think well in terms of graphs. I do. But they make no sense to my wife."

I tried another tack: economic theory isn't funny. And even P.J. O'Rourke cannot make it so.

"I find it pretty funny," he asserted, flatly.



P.J. O'Rourke: 'Why do we laugh when we are tickled? We do not know whether to get sexually aroused or to punch someone in the nose, so we laugh'

"What is funny about economics is the human refusal to behave rationally."

Yes, yes, I said. But economic theory is not funny. "I beg to differ," he seemed to be finding me very irritating indeed.

"One can be funny about economics," he went on. "That I have failed to be so is another question."

Just as I was wondering what on earth else I could talk to him about, he snapped: "Sex isn't very funny." He fixed me challengingly with his clear blue eyes.

I say that it is a lot funnier than the theory of comparative advantage.

"Why? Because we are more nervous about it? I'm pretty nervous about comparative advantage." He looked deadpan, but surely, surely this was a joke at last.

So I asked: If he thinks

comparative advantage is a hoot, is there anything that isn't funny?

"What isn't funny is tragedy. The victims of a mad slide in Nicaragua - that's not funny."

While he was talking I thought of another thing that was not funny at all: this lunch.

He started to talk about tickling. "Why do we laugh when we are tickled? One theory is that we laugh because a tickle is exactly in between a caress and a blow. We do not know whether to get sexually aroused or to punch someone in the nose, so we laugh."

I protested that tickles are nowhere near a blow, indeed they are lighter than a caress.

Suddenly he lost it. "It's all a theory. I know nothing about it. All I know is what I'm told."

With all these attempts at conversation having come to nothing I asked about the media tour.

"I've been doing this since September 1st," he said grimly. "In return for the money the publisher gave me I agreed I would do a lot of publicity. It's a lot of work."

"The only thing I ever wanted in life was not to be a salesman, like my father. But, there's no escape from marketing."

I said that he didn't have to do it, or not so much. Surely he could have accepted a smaller advance and chosen to spend more time writing and less time selling.

"Well," he snorted. "You can escape lots of things if you make that decision. I, for one, have chosen not to." He sounded as though he were defending a high moral posi-

tion and I was advocating doing something base.

"Will you excuse me a minute?" He got up and headed off towards the gents. When he came back he looked happier. Most of the tetchiness had gone. And then I understood why.

It was over: a big white

Mercedes outside had come to rescue him and whisk him off to his next appointment.

"I've gotta go," he said, and suddenly looked contrite. "I just feel like you have tapped a dry well. It was very nice to meet you. It wasn't a very leisurely lunch. Next time."

Home Truths / Walter Ellis

Morning becomes *de rigueur*

The last person you want to encounter on a visit to San Francisco is a dentist. My misfortune when I arrived there recently from London to attend a friend's wedding was to come up against 35,000 of them.

That is the number who attended the 1998 American National Dentists Convention. They had booked every hotel room in the city and reserved every table in every restaurant.

I found myself billeted at the Clarion airport hotel, a series of barrack-like structures five miles or more south of the city, whose best feature turned out to be its virtually uninterrupted view of international air traffic over the entire Bay area.

Guests at American weddings are expected to dress as if they are going to the opera, and my task, once settled, was to secure a black tuxedo from a local formal wear supplier.

Not only did Ronnie Cheung, in nearby Millbrae, kit me out in less than 15 minutes, he then drove me back to the hotel and agreed to pick up the suit again next day, free of charge. He did charge me \$88, but I still felt good about it.

The wedding service was scheduled for 6pm in Grace Cathedral, an elegant mock-Gothic pile, fashioned improbably from concrete, whose most celebrated feature is its carbon copy of the Chubbert doors from the baptistry in Florence.

When I got there, the groom and his best man - also from England - were standing outside, dressed in morning clothes. The debate over the appropriateness of morning clothes in an American setting had evidently raged back and forth. The fact that they were to be worn after sunset proved a mere addendum to the argument.

Inside, you could tell the Britons straight away. The

men at least. They wore their own, slightly tired dinner suits over shirts that, though of good quality, had been washed a few too many times. Their bow ties were "real", smaller than the made-up kind and invariably lop-sided. Footwear was another giveaway: thick, woolen socks and slightly scuffed shoes, probably from Lobb's or Church's.

The US males were equally of a kind. Their tuxedos glistened; the creases in their pants were so sharp they could have sliced bread. Edwardian-style wing collars were the popular choice among the under 40s, with large ready-made ties, and shirt fronts fastened with jewelled studs. Their patent leather shoes with a fierce brilliance.

And the women? Here, the comparison is more difficult. There were only two or three female guests on the groom's - the English - side, apart from his mother and his aunt. The mother was affect-

ingly reassured by her son's choice of bride. The aunt, a high octane grande dame, in full ball gown, could have been auditioning for the lead role in *Murder She Wrote*. Her enthusiasm for the day's events radiated around the

Their bow ties were 'real', small and invariably lop-sided

church with the power of a searchlight. But of the younger female crowd, there was hardly a sign.

English sensibilities jarred slightly when the Dean, the UK's Very Rev Alan Jones, gave the refrain "God loves you, darling" (which he attributed to Arthur Miller) the leftmost of his address. Further embarrassment en-

sued when the congregation was invited to make a sign of peace - by kissing those next to them.

But the Dean's scrupulous use of the old liturgy and the boldness of his singing voice - a pleasing baritone - soon put fears of happy-clappy-ness to rest.

The bride, a honey-blond psychologist from San Francisco's Nob Hill, looked serene and beautiful. The groom, a Wykehamist, younger son of one of the only two Sir Peregrines extant, did not try to hide his pride.

The centrepiece of an English wedding reception, the best man's speech, is not reckoned to travel well. Yet, as the BM in question, known to the groom as "Pig", provided a mercifully restrained account of his friend's bachelor life and times, the Nob Hill mob got into the swing of things and bayed for more. "You ever thought of doing stand-up?" one admirer inquired.

An Englishman, emerging from the bar, strode purposefully towards a blonde woman in a short, pink dress, gesturing lasciviously with a bottle of Californian red. One of his American counterparts, as if to make a point, chose the same moment to ask a waiter for an Evian water with a dash of Perrier.

Heady days, and a heady night. I kissed the bride, clasped the groom in a manly way and made my way back out on to the street. I hailed a cab, which duly stopped in front of me and only then did I realise that the dentists were still in town. As I bent to open the rear door of the taxi, a group of drunken conventioners lurched towards me, insisting that the car was theirs.

I ignored them with what I felt was an elegant wave of my hand and cheerfully bid the driver convey me back to my lodgings in Millbrae.

ROLEX

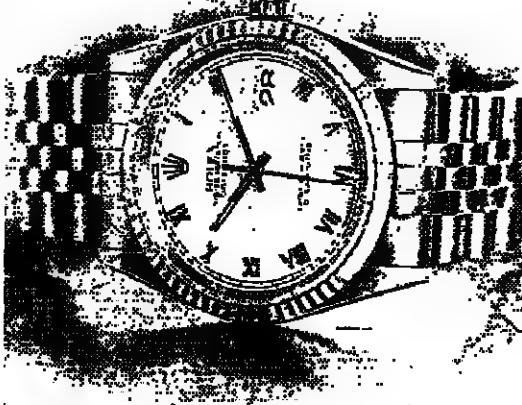
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## PERSPECTIVES

# Love on the net— or the rocks

Traditional dating agencies now compete with the web. Lesley Downer tries them out

A Zsa Zsa Gabor once said: "I want a man who is kind and understanding. Is that too much to ask of a millionaire?"

Debra Willis is a good-looking, bubbly 35-year-old banker in the City of London earning £100,000 a year, with a penthouse in Docklands. She has it all except for one thing: a man. A millionaire will do just fine.

So, as a 1990s woman in charge of her own destiny, she decides to use the most up-to-the-minute method of finding one — the internet.

The internet is big business and so is the lonely hearts industry. Put the two together and you get chemistry. Next month sees the launch of MatchNet.com (www.matchnet.com), designed to be an internet dating agency for the likes of Debra Willis.

Says Nigel Coster, operations director: "High achievers have less time so they have more need of an internet dating service." He points out that in three to five years, 95 per cent of the country could have access to the internet via television sets. MatchNet's initial offer for subscription generated £250,000; the target is £1.5m.

It is easy to see why investors go dewy-eyed over the dating business. Anyone joining a dating agency has to fill in a lengthy form — listing his (or her) income, occupation, likes and dislikes — thereby creating a valu-

able database for advertisers. Columbus, the publishing and information group, recently paid £1.45m for the venerable dating agency Dateline, primarily for its client database.

But what is in it for the punter?

Willis's quest began with www.jdate.com, the American Jewish Singles Dating Agency upon which MatchNet will be modelled. The on-screen form took 30 minutes to fill in and, besides basic information, required essays on topics such as "my ideal first date".

A JDate search for a professional male aged between 30 and 55, between 5ft 8in and 6ft 3in tall and living in the London area, generated an accountant, an advertising executive, a very short company director and an Israeli fundamentalist writer. Some of the profiles included photographs.

Responses came from Jim, an investment analyst from New York, Stephen from the English Midlands and Michael from California, whose annual income was more than \$100,000 from an occupation he described only as "Something Fun That I Love".

Willis also tried out other agen-

cies — call up www.cupidnet.com and a list of more than 100 appears, although caution is needed: even those with the most innocuous-sounding names usually turn out to be offering Russian or Thai mail order "brides".

And the internet agency, www.photo-personals.co.uk, which looked straightforward at first glance, and upon which Willis posted an ad, was not what she was seeking at all. The next day she had 73 replies, of which 90 per cent could be described as graphic; some included photographs for which "disasteful" would be a considerable understatement.

She also tried www.match.com, which allows an anonymous name and a concealed e-mail address.

This is the joy of the internet — its scope for anonymity and its vast scale. There have been many cases of love blossoming between people who met in cyberspace. The film *You've Got Mail* is about a couple who meet via the net. But as the characters, played by Tom Hanks and Meg Ryan, discover, you have no idea with whom you are corresponding. While the pair are falling in love on the net, they are fierce bus-

ness rivals in real life.

So on the one hand you can be anonymous until you choose not to be (you can easily, as I did, make up a false name and e-mail address). But on the other hand, the person you are corresponding with is also probably lying through his teeth.

So how can you filter out

**I began to see dating agency customers as winners, rather than sad losers.**

unsuitable people? How does the unsuspecting City lady avoid serial rapists?

Says David Carter: "It's dangerous, insecure, needle-in-a-haystack stuff." Carter, a development capitalist, recently took over the veteran introduction agency Virginia Charles and has now negotiated a merger with Only Lunch, a service targeting professionals who meet for lunch — much less stressful. Dating, he

says, is the business of the future; in 10 years the industry will be worth £1bn.

As more and more women take on senior roles at work, office romance is becoming declassified and dating agencies are becoming more acceptable. In the past two years, says Janetta Hamilton-Brown of Only Lunch, there has been a real change in attitude: the stigma is dying in the UK. In the US it died long ago.

While open internet dating may be risky, the internet has a huge role to play in facilitating the work of the traditional agencies. Sirius, for example, is going on-line in January (www.clubsirius.com). The web site has been designed to allow anyone to access the lists of potential (and anonymous) mates, but in order to make contact you have to join.

For me, Sirius found an architect, a company director, a chief executive and some bankers. Several sounded charming and after an entertaining phone conversation I drove up the M1 to meet "Barry" for lunch at his golf club. A true gentleman of the old-fashioned sort, he was a 40-something merchant banker. He had spent most of his life working abroad which had made it

very difficult to meet women, let alone suitable ones. Through Sirius, he said, he had enjoyed several interesting meetings and there was no romance. He asked if he could see me again and it seemed only fair to tell him that, in my case too, romance was not going to be on the cards.

Sirius has a pool of 10,000 people and costs £468 for a year's membership.

Another agency, Sara Eden — at the platinum end of the spectrum — has a pool of 2,000 members and costs £995. Founded and run by Karen Mooney, Sara Eden used to be known as the "beautiful people's agency". After a long interview, you sort through heaps of personal profiles of people who might be right for you, each with several photographs, and decide whom you would like to meet.

There is also a secret list of high-profile members who can choose but not be chosen. My shelf of potential partners included doctors, lawyers, media people and a yachtman.

Only Lunch is smaller, newer and slightly more expensive (£750 with 750 members). Your lunch is a blind date; you know nothing

about your partner except a first name and the fact that he or she has been chosen as someone you might like.

I arrived, feeling rather nervous, at a quiet restaurant in central London and asked the waiter surreptitiously for the "Only Lunch table". To my relief, "Jim" turned out to be a highly presentable, dapper, articulate businessman. Like Barry, he too had spent many years abroad.

I began to build a picture of dating agency customers as winners, rather than the sad losers one tends to assume them to be. They tend to be people who have lived abroad and have lost their British inhibitions about going for what they want.

At the end of the meal, the moment arrived when we would have to decide whether or not to exchange phone numbers. We both said "Good Luck", the code for "Well, I won't be seeing you again".

Whether you go for the internet, the traditional hand-picked approach, or a blind date set up by friends, there is one insurmountable problem. All these methods operate on the basis that you know what you are looking for and that your ideal partner will be someone with whom you have something in common — whereas, as we all know, love is a lot more complicated than that.

Only Lunch: 0171-404 8691; Club Sirius: 0800-542 8000; Sara Eden 01753-830350.

## And don't ever call it a lounge...

Holly Finn samples the modernist splendour of Concorde's new boarding area at JFK airport

In case you're tempted, a small plastic sign on either side of the Concorde cockpit reminds you: DO NOT OPEN WINDOW IN FLIGHT. Not at Mach 1, not at Mach 2, never. As if, at twice the speed of sound and 80,000ft, with the skin of the aircraft at a scorching 113°C, you would want a little air.

Today, speeding through the stratosphere is both mundane and extraordinary, a curious mix. Copies of Country Life and Golf magazine spill out of a side pocket next to Captain Jack Lowe's seat while, 300 miles ahead, the horizon bends to the curvature of the earth.

In 1948, Chuck Yeager was the first to break the sound barrier. "Now," says Captain Lowe, 50 years later, "at twice the speed of sound, we take people in shirt sleeves, drinking champagne." This week British Airways christened its revamped Concorde boarding area at JFK airport in New York the Concorde Room. It opens to the public on January 4.

Whatever you do, don't call it a lounge.

Passengers here will not be slumping into a dentist's waiting-room-style sofa before boarding. They will recline in modernist splen-

dour, in a Balcac armchair designed by the Matthew Hilton group, or a plump Eileen Gray Eileen chair, or a Charles Eames aluminium high back, or if they're feeling Freudian, an Eero Saarinen Womb chair.

"The idea was that the Concorde will be seen as the icon aeroplanes of the 20th century, so let's use the icons of 20th century furniture," says Sir Terence Conran, designer of the new Room.

Sir Terence has had some experience kitting out airports, but times have changed since he helped design Terminal One at Heathrow in 1966. "Absolutely our brief was: do not make chairs that are so comfortable that people will come and sleep," he remembers. Then there was the dismal, and early named, "terminal seating". Now there are, at least for Concorde passengers, Le Corbusier chaises-longues.

The furniture is more spontaneous than the ordinary airport lounge format (sofa facing sofa, stranger across from stranger, heads down until the flight is called and everyone can look up again).

"Only Arab princes travel in groups," Sir Terence says,

and if you lack an entourage, it's nice at least to have the furniture on your side, a preserver of personal space.

Charlotte Perland's Swivel chair fairly demands that you turn your back on the nearest knucklehead with a cell-phone.

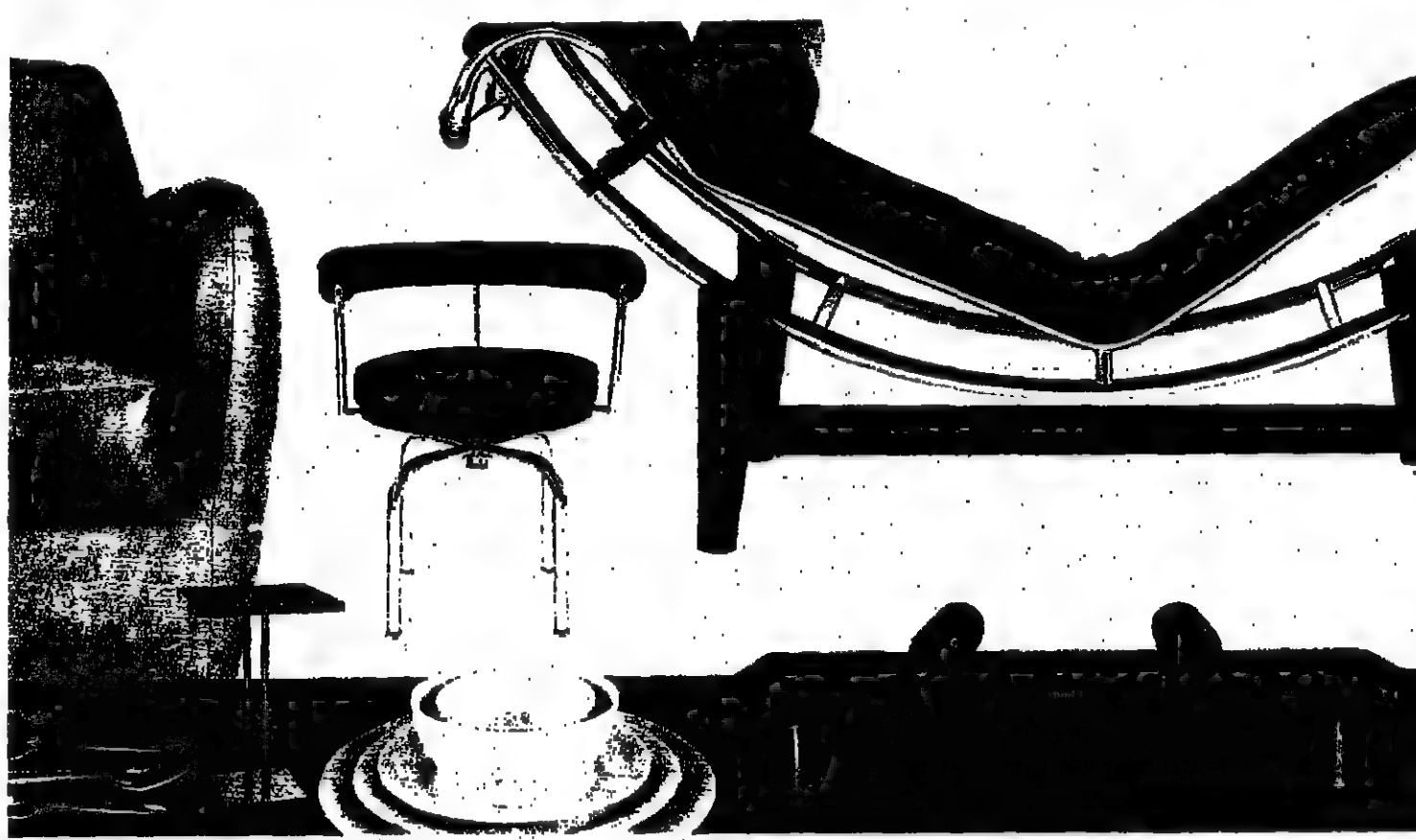
Each designer selected by Sir Terence has been given a section of the Room, like wings of a gallery, off the main thoroughfare. From among this collection of cult-de-mat, you choose the style you prefer. Rest your pre-boarding buck's fix on the Hoffman Group's nesting tables or, if you prefer a glass-topped model, sit down in front of a Barcelona table by Mies van der Rohe.

Original artworks include two murals by Sol LeWitt, a painting by Fiona Rae, as well as Richard Smith mobiles behind etched sliding glass screens and arched paper pulp forms suspended from the ceiling. Thirteen photographs of Marilyn Monroe by Eve Arnold will be hung on the walnut panelling of the smoking room.

"She probably liked cigars," says Sir Terence, who hopes "there'll be a thick haze of cigar smoke in there."

BA's Concorde lounge at Heathrow has likeable touches — waitresses serving salmon or prawn roulades, the full line of Cadbury collection biscuits, and Piper Heidsieck on ice — but it is as institutional as any other, only with nicer luggage strewn about. It's \$10,000 for a round trip, and you are still sitting in a lounge.

The Concorde Room at



In tune with a 20th century superlative icon: the new Concorde Room at New York's JFK airport features work by iconic design names

JFK, peppered with designs once — if not still — considered daring, is more in tune with the spirit of the aircraft itself and of the days when breaking the sound barrier was not a twice-daily routine.

On board, the only way to know you have done what Yeager did is by watching the Machmeter tick over to 1.00. From then on, the sonic boom travels with you, 20 miles on either side, "like the wake from a ship". But because of the Concorde's design, you hear and feel nothing. What once sent aircraft into dives and engineers back to the drawing board now slips by too easily. Ignored when you have a glass of Chateau Becheville '96 in one hand and a hunk of Welsh Pencarreg in the other.

Derived from early military aircraft — BA's Bristol 232 and the Sud Aviation

Super Caravelle — Concorde was never intended for mass-market travel. Rather, explains Captain Lowe, it was a technological feat, the French and English equivalent.

**Each designer has been given a section of the Room, as in a gallery**

lent of the US space missions. He calls it "the first 21st century machine". It's got "20-year-old parts, but is still 20 years ahead".

In 1976, simultaneous take-offs — by a British Airways flight from London to Bahrain and an Air France flight from Paris to Rio — inaugurated Concorde commercial

travel. In 1980, Concorde clocked its fastest flight time between New York and London: 2 hours, 54 minutes and 30 seconds. Today, there are seven BA craft and six Air France craft in service. All travel at a cruising speed of 1,350 miles an hour (Mach 2).

Concorde regulars don't bother watching the Machmeter any more, but the captains are still thrilled by the machine. On a flight carrying the American Ryder Cup team to Malaga, golfer Brad Faxon putted the length of the aircraft and Captain Lowe calculated that, in the 23 seconds it took the ball to roll along the aisle, Concorde covered 84 miles.

Lowe claims it as the longest putt ever.

Concorde is high-speed and high-quality, right down to the manners of the cabin staff. When meals are served, you almost feel as though you should wait for

everyone else before starting.

The new Concorde Room at JFK is a peean to this civilised, if Darwinian ("resourceful" men, attractive women), brand of travel. It is also, perhaps, a salute to the brains which made it possible. By thinking to combine a slender fuselage with a needle-shaped nose, delta wing, and fuel transfer gravity system (when the aircraft breaks the sound barrier and the centre of gravity moves, it constantly rebalances by shifting 96 tons of fuel back and forth), they made a good design fly.

The artists and, particularly, the designers of furniture featured in the Concorde Room have done the equivalent on the ground. Many are now household names, depending on your household. Asked if it is presumed that Concorde passengers will immediately

recognise the aesthetics that greet them, Sir Terence says: "No. We're giving them a little book."

Regardless, the Room's limited-production pieces are expected to appreciate in value, while pieces of the aircraft itself do the opposite. "In theory," says Lowe, "flights could go on for another 50 years." But in practical terms, the aircraft are approved by US and UK regulatory authorities to fly officially until 2007 and conditionally until 2013. Still, Lowe is confident there is "every expectation to go on, because the aeroplane is so superb".

By injecting a little Gray here and a little Saarinen there, the Room should remind passengers that experiencing Concorde is an unusual privilege, and so keep the barrier-breakers in business. Anything else, you see, would be subsonic.

Dispatches / James Blitz

## Roman welcome starts to wear thin

It was a cold November morning at Moscow's Sheremetyevo airport. Abdullah Ocalan, the leader of the PKK Kurdish workers' party and Turkey's most wanted man, was wondering where to go next.

For months, the 51-year-old "freedom fighter", known as Apo (Uncle) to his followers, had been on the run across the Middle East, trying to find a haven amid growing difficulties for his guerrilla organisation in Turkey.

He had tried Syria but the country had swiftly deported him, fearing for its relationship with the Turks. Now, the Russian government, also fearing damage to its relations with Ankara, was preparing for his expulsion to an, as yet, unknown destination.

Suddenly, there was some hope. At about lunchtime on November 12, Ocalan was escorted by secret service agents to a special room at Moscow airport. Waiting for him was Ramon Mantovani, an Italian MP belonging to Refounded Communism, a far left Marxist party, with close links to the PKK.

"I can either go back to the mountains and continue the struggle or I can try and start a peace process from somewhere in Europe," Ocalan told the Italian communist, who had flown to Moscow that day to see if he could give assistance to his Kurdish comrade. The two men talked. They then boarded the evening Aeroflot flight for Rome.

Thus was hatched, in a few moments, one of the biggest diplomatic disputes in Europe this year. Ocalan's flight to Rome — and his subsequent arrest there — provoked a storm. Ankara has demanded and been refused Ocalan's extradition, furious that it is unable to get its hands on a man it says has caused the deaths of 30,000 people.

Meanwhile, Germany, which has two arrest warrants for Ocalan, has not filed for his extradition, fearing his presence would inflame the large Turkish and Kurdish community in Germany. Trade between Italy and Turkey has plummeted. Nervous Italian ministers have been wracking their brains over what to

do with the PKK leader. On the face of it, the Ocalan affair seems like bad luck for the Italian government. But it is not that simple.

Mantovani's meeting with Ocalan that November day was the latest example of the remarkably close ties politicians on the Italian left have with armed Kurdish nationalists and other national resistance movements.

And the lax manner in which the Italian government dealt with Ocalan in the days after his arrival underlines how uncertain it can be on sensitive issues of foreign policy.

It now has a problem. As Emma Bonino, the European Union humanitarian affairs commissioner, said recently, Ocalan "is no Nelson Mandela". The PKK is widely acknowledged as a ruthless organisation heavily engaged in drug smuggling. Between 1992 and 1995, it launched guerrilla attacks against Kurdish villages that did not openly back Ocalan. During this period, Amnesty International, the

human rights organisation, says 768 people were executed and 380 massacred, 39 of them women and 76 children.

Little of this seems to have been taken on board by Italy's leftwing parties; in September, Mantovani and two communist colleagues held secret talks with Ocalan in Syria and participated at a meeting of 150 PKK guerrillas; the Kurdish government-in-exile, based in Brussels, has been allowed to hold a meeting inside the Italian parliament building in Rome this year; and Ocalan's lawyer in Rome is an MP from the Italian Green party, which has shown formidable support for him.

Moreover, Italy's centre-left government, led by former communist Massimo D'Alema, was also quick to see Ocalan's arrival in Rome as more of an opportunity than a burden. Shortly after his arrest, D'Alema raised the possibility that the PKK leader's arrival could trigger the start of a peace conference to resolve the Kurdish problem.

"Most governments would have pecked this guy off on

the first flight out," says one western diplomat. "That just wasn't the mindset of this government."

For political commentators, these confused reactions to the Ocalan affair illustrate Italy's penchant for *buonismo*, an instinctive sympathy politicians on the left and right have with the underdog, the freedom fighter or the illegal immigrant, irrespective of circumstances.

"The strong Catholic and communist strains in Italian politics have always encouraged politicians bluntly to categorise everything as either good or evil," says Ernesto Galli Della Loggia, a leading rightwing commentator.

"Hence resistance movements are always good, while the nations that try and suppress them are bad whatever the circumstances. It is a very simplistic outlook."

The Ocalan affair also exposes the continuing uncertainty of Italy's foreign affairs strategy. For decades, Italy's strategic importance in the Mediterranean and its proximity to the iron curtain

meant successive governments always took their foreign policy cues from the US. "Italy has therefore failed to develop a clear international policy of its own," says Galli Della Loggia.

"It has tried to be a kind of go-between in the near and Middle East, trying to resolve seemingly irreconcilable problems."

"But it is doomed to fail because, unlike the US, it cannot guide the negotiations by making threats of its own."

How the affair will end is still unclear. The D'Alema government talks publicly about the idea of putting Apo on trial in Italy, even though this would only exacerbate tensions. Privately, ministers talk about deporting him to a third country to try to shift the problem elsewhere.

But there are still fears that more information may come out about how he came to arrive in Italy and about the origins of that fateful meeting in Moscow airport. As one government minister said: "We will only be able to relax when he is finally off our territory."

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## BOOKS



A heady cocktail of smoke, steam and hot grasses: an early Monet, 'La Gare Saint-Lazare', of 1877

## Artists splashed over the page

During 1998 it has been hard to find an author as revealing as his subject, writes David Lee

At one end of the art book spectrum is the cheap, glossy monograph on the household name piled high in expectation of the Christmas dash for Dali, Magritte and A.N. Other Impressionist. They may have travesties for illustrations, but there are plenty of them. At the other end is the published PhD thesis, a species of largely unillustrated art literature so boring and unreadable that even those shops specialising in cut-price review copies won't touch them with a clothes peg.

I have concentrated my own reading this year on art biographies in the hope that, being a distinct genre, they will be written by an author or critic first and an art historian second; unfortunately, "compulsive read" or "unputdownable" are endorsements rarely applied to works penned by art historians. And 1998 has been an especially prolific for art biography, with fat volumes on Millais, Frink, Beardsley, Caravaggio and, in the last few weeks, the first volume of Hilary Spurling's well-received panoramic opus on Henri Matisse.

Having got through the first four and only so far read newspaper extracts of the last, Spurling's *The Unknown Matisse*,

1869-1908 (Hamish Hamilton, £26) looks marginally the best bet. She is the most able writer, relaxed enough with her material to let drop the occasional entertaining aside; and Matisse (pace Caravaggio) is a giant, if a more vulnerable looking one than ever before. The main problem with the other four tomes is that, though adequate enough as reference books, one misses the breathstopping insight into the work which presumably made the subject worthy of detailed scrutiny in the first place.

G.H. Fleming's *John Everett Millais* (Constable, £20) is typical in the sense that it makes manifest its diligent research, but it doesn't come to terms with the kernel of originality that makes Millais's art distinct. For those of us who relish the lesser episodes of an artist's life, Fleming uses lengthy extracts from correspondence to explore in voyeuristic detail the infamous scandal relating to the lack of lead in Ruskin's pencil. Effie's shocking public hair and her conspiracy with Millais in the months after her divorce. One can't help having some sympathy with the magnanimous critic, while Millais emerges as a petty bearer of grudges and Ennis as a complete pain.

Caravaggio is a greater artist

than all the other four put together. His pictures are, on the face of it, uncomplicated, the actions of his figures deliberately, unambiguously emphatic, the light stark; but for all the apparent simplicity and directness, the visual impact of his pictures is overwhelming, like a shot of the most potent liquor. Being a murderer and a fugitive with a criminal record, his art was perhaps a reflection of his own, unconventional life. He deserves as brilliant a writer as he is a painter, but in Helen Langdon's *Caravaggio: A Life* (Chatto & Windus, £25) one yearns for a chink of brilliant insight to shine through the dogged research.

Stephen Gardiner's official biography of Elisabeth Frink (Harper Collins, £20) is fine on the *underworld* of her childhood, especially the impression made on her by bombing raids, crashing aircraft and her encounters with brave soldiers, but again the author's uncritical approach to the work is suspiciously unrealistic. One loses faith in an author for whom each work is as good as every other. For example, there is no acknowledgement that the late sculpture lost its touch and spar-

kle; indeed, much of it is plug ugly. It is, nevertheless, worth reading for background.

In this centenary year of Aubrey Beardsley's death, Matthew Sturgis's biography (Harper Collins, £19.99) is an efficient account of the etiolated, sickly lad who had no sex life, despite his apparent close familiarity in his drawings with the changeable shapes of the male member. Like his work or not, Beardsley could place a line as surely as Ingres; and if you can do that, shading becomes superfluous. Sturgis's scene-setting in fin-de-siècle London of the 1890s is impressive, though it becomes increasingly impossible to forgive the arrogant Beardsley for dialling and ultimately neglecting Oscar Wilde. The flaw of this book is that, like most biographies (Langdon's *Caravaggio* is an exception), it is miserably illustrated.

Other genres provide better reads. *Sotheby's: Bidding For Class* (Little, Brown, £20), Robert Lacey's brisk history of the auction house details the thrilling, behind-the-scenes skulduggery, competitiveness and lawbending that goes on in the murky world of hawking art. Most of the book focuses on the pleasure life of Peter Wilson, the scholar auctioneer who transformed Sotheby's into a world leader.

The book which gave me most pleasure this year, even though it related to an exhibition at the National Gallery in Washington which I was unable to see, is Juliet Wilson-Baron's *Monet, Monet and the Gare Saint-Lazare* (Yale University Press, £20). Dying at 51, Monet didn't live long enough to paint badly. Monet, alas, lived well into his 80s. In his painting 'Le Chemin de Fer', exhibited at the Salon in 1874, Monet, who lived overlooking the new Paris railway terminus with its adjacent network of roads converging on the spectacular iron Pont de l'Europe, grappled with modern life while still adhering to some of painting's oldest conventions. Monet's dazzling pictures of the station were done mainly in 1877 and no pictures in his entire oeuvre, and especially those late Monets that are soon to be passed off by the Royal Academy as the artist's apogee, can match these. Wilson-Baron sets the scene convincingly enough for us almost to smell the cocktail of smoke, steam and hot grease.

Likewise compelling for its illustrations alone is *Degas at the Races* by Jean Sutherland Boggs (Yale, £20), while another beautifully illustrated book is Bruce Boucher's highly praised account of Andrea Palladio (Abbeville, £28).

## The rites and the runes

Polemic or memoir, Philip Stephens puts politicians under the tree

We may be disenchanted with our politicians but, in Britain at least, there is still an appetite to read about them. 1998, the first full year of the Blair government, has produced a abundance of books reading the runes of New Labour or administering the last rites to the Tory party. Like the politicians themselves, the quality has been uneven. But some make a fair bid for a place in the Christmas stocking.

First, though, a health warning. Steer clear of anything which comes with the words "Third Way" on the cover. The phrase may be fashionable in the Notting Hill salons of the New Labour intelligentsia, but the various attempts to add substance to Blair's favourite epithet have been unintelligible, pretentious and often both.

The most surprising book of the year, though, was about the politics of another era. Surprising because after a quarter of a century of promising and failing to deliver, Edward Heath actually finished his memoir, *The Course of My Life* (Hodder & Stoughton, £25). Surprising too because, against the odds, the former prime minister largely eschews the settling of scores with Margaret Thatcher for an illuminating and entertaining account of what still ranks as a rich political career.

Of the clutch of books dwelling on the Conservatives' present dismal condition, by far the most gripping is that by Hywel Williams, whose wit and prose somehow survived four years as an adviser to John Redwood. *Guilty Men* (Aurum, £16.95) is sometimes self-serving, sometimes unfair and sometimes plain wrong. But it is also a brilliantly written polemic against the leaders who brought their party to ruin. Thus Thatcher emerges as "a mannered political diva whose arses had oozed to beguile", while that king across the water, Michael Portillo, is cast as "a GCSE version of Enoch Powell".

One who lives in Kensington. Like their politics life and still cannot admit Britain has lost its empire, may prefer Alan Clark's *Conservatives and the Nation State* (Weidenfeld & Nicholson, £20). The same set will be attracted to the posthumous diary of Woodrow Wyatt (Macmillan, £25) which, amid the obsessive name-dropping, provides an unintended insight into Thatcher's decline and fall. For the rest of us, plunging through Clark's delusions about Europe and Wyatt's tabloid reflections on the state of society is to understand how the Conservatives reached their present sorry pass.

The Blair government has thrown up a similarly mixed bag. The authorised insider's

account of how New Labour was turned into the party of middle Britain is told by Philip Gould, the prime minister's favourite pollster. *The Unfinished Revolution* (Little, Brown, £16.99) is self-indulgent yet still informative, a must for anyone who wants to understand what insiders call the Blair "project".

Of two books on Gordon Brown, one - *Gordon Brown: The Biography* by Paul Routledge (Simon & Schuster, £17.99) - briefly caused a sensation with the claim that the chancellor had still to forgive Blair for robbing him of the leadership. But like most ill-researched instant history, its shelf-life did not extend beyond the newspaper serialisation rights. John Kampfner, by contrast, wrote a good biography of Robin Cook (Gollancz, £16.99), but was unlucky to see its publication coincide with a distinct downturn in the foreign secretary's political fortunes.

Those meanwhile who want to be entertained may appreciate two, very different, political novels. *The Shape of Ice* by Douglas Hurd (Little, Brown, £15.99) offers an enjoyable jaunt through the trials and tribulations of the Tory prime minister who eventually takes the crown from Blair. It offers plenty of acute insights into the ways of Westminster and Whitehall and, in its denouement, an important moral. Success in politics, Hurd reminds us, is the avoidance of failure. Peter Preston's *Fiftieth State* (Viking, £15.99) leaps still further ahead to the imaginary moment when Britain's failure in Europe finally prompts it to take the plunge and sign up for transatlantic union. Preston offers us a good read and a clever parable.

I have saved, though, the best books till last. *East and West* by Chris Patten (Macmillan, £22.50) is far more than a memoir from the last governor of Hong Kong. It is also the best, and most elegant, explanation of why the once-called Tigers of South East Asia have fallen on such ruinous times. In a nutshell, market economics only works for any length of time when it is embedded in a framework of freedom and law. It's a simple thought, but Patten delivers it with conviction and erudition.

But the story of contemporary Britain is the story of its turbulent relationship with Europe. And here Hugo Young's account of the agonies of the past 50 years, *This Blessed Plot* (Macmillan, £20), is a masterpiece. You do not have to share Young's constant lament over opportunities lost to appreciate the way he has knitted together this tale of imperial delusion, Whitehall intrigue, hollow defiance and humiliating retreat. I can't think of a better present.

## On the front line of history

War has been the dominant subject for historians this year, writes Christian Tyler

War, and threat of war, have been a dominant theme of the century. No wonder that at the century's end historians have been flocking to the front line.

For the recent 80th anniversary of the armistice which ended the first world war, the military historian John Keegan produced a magnificent general account, *The First World War* (Hutchinson, £26). Whether describing the complexities of pre-war diplomacy - or rather the lack of it - or the shock of battle itself, Keegan's writing is superb: sane, trustworthy, vivid and deeply felt. By its sweep and detail this history brilliantly conveys why this was, for Europe, the determining event of the age.

As a counterpoint, Lyn Macdonald produced the seventh of her chronicles of the same war, *To the Last Man: Spring 1918* (Viking, £25). Here is a parapet-level view of General Ludendorff's last throw, the great assault which drove a wedge between the British and French armies but which, for lack of men and morale, marked the beginning of the end for the German army.

The crucial battle of the second world war - widely seen as a prolongation of the first - was Stalingrad, the city on the west bank of the Volga where Hitler's long advance to the east was finally checked and reversed by winter, disease and the superhuman resilience of the Red Army. Anthony Beevor, another military historian, met a long-felt want with his deservedly successful *Stalingrad: The Fatal Siege 1942-1943* (Viking, £25).

Hitler's home war against his own people, and his systematic murder of millions of innocent civilians have been analysed as much as any event this century. A striking addition to the literature, however, was Victor Klemperer's diary of the years 1933-41, newly translated into English. *I Shall Bear Witness* (Weidenfeld & Nicolson, £20). Klemperer was a Protestant Jew married to an "Aryan" wife, Eva. His precise, didactic voice conveys what it was like to watch the world go mad.

An unusual war book which got forgotten in the rush was Gerald Howson's *Arms for Spain: The United Story of the Spanish Civil War* (John Murray, £25). Howson describes the extraordinary personalities and stratagems involved in the supply of weaponry to both sides in the conflict. He claims to have proved that the Republican government, facing a "wall of blackmail" in 30 countries, got far less material than the rebel Nationalists at far higher prices. Even the USSR defrauded its friends, by manipulating the exchange rate in its favour. Mention should also be



Clive leading his forces at the Battle of Plassey in West Bengal

made of Noel Malcolm's *Kosovo: A Short History* which this year followed his similar history of Bosnia and went into paperback (Papermac, £10) last month.

Away from the smoke of battle, the year saw several contentious histories more adapted to reference than reading. One was Arthur Marwick's *The Sixties* (OUP, £25) an almost nostalgic account of that tumultuous yet innocent decade, based on contemporary sources in four countries. Did Courreges invent the miniskirt, or was it Mary Quant? The answer is here.

Another big work was Stephen Inwood's definitive *A History of London* (Macmillan, £30), but for an atmosphere of late medieval London, Peter Ackroyd's

biography of Thomas More (Chatto & Windus, £20) was splendid. If the character of More himself remains enigmatic to the modern mind, the character of the city itself is wonderfully evoked. City life in Greece of the 5th century BC is the subject of Christian Meier's *Athena*, translated from the German for the American market this year (Metropolitan Books, £37.50) and to be published in the UK next year by John Murray. A professional classicist described the book, despite its well-worn subject, as "a revelation". No other account so effectively weaves the political and military material into the social and cultural. The lack of references was a weakness, as was the poor quality of otherwise

well-chosen illustrations. Finally, two historical biographies from the British 18th century. *Georgiana, Duchess of Devonshire* by Amanda Foreman (HarperCollins, £19.99) has been the toast of the town. This is old-fashioned biography in the benign sense of the word, including everything you ever wanted to know about the ton, from their menus to their politics. There are striking parallels between Georgiana Spencer and her descendant Diana. Both had a charismatic charm, a tendency to ostentation, and suffered self-doubt and eating disorders. Both married an older man with an awkward social manner and a mistress. Georgiana became a celebrity eclipsing her husband, and was driven by frustration to gambling and exhibitionism.

My last nomination is Robert Harvey's *Clive: The Life and Death of A British Emperor* (Hodder & Stoughton, £20). Clive had invented Britain's Indian empire by the time he was 35, and would have been sent to stop the loss of the American empire had he thought it intelligent - and had he not found himself the most hated man in the kingdom. Written in the style of an historical novel of imagined scenes and feelings, Harvey's book opens melodramatically with a furtive burial after dusk, and concludes by casting doubt on the two commonest versions of his death. Was it an accidental overdose of laudanum, as officially reported, or an improbably inefficient suicide, executed by means of a very small penknife?

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## BOOKS

# A uniquely American sensibility

Richard McClure focuses on the best photography books published this year

For all the fanfare of a year dedicated to promoting the medium, the current crop of contemporary photographers failed dismally to come up with the goods, most of their published works yielding an indistinguishable array of lurid fantasies and trite juxtapositions. Stand up Tashiro, Teller and co.

In the absence of any new invention, two exceptional books thankfully revisit an era when the camera was an instrument of experiment and advantage. *Paul Strand: Circa 1916* (Abrams, £40) is the year's most essential acquisition, pinpointing the fertile period that marked Strand's transition from self-focused pictorialism to sharply observed Modernism. Though inspired by the European avant-garde, Strand's exquisite platinum prints remain rooted in a deeply American sensibility, even down to his matches

depictions of Wall Street and a white picket fence. As Strand was reaching his creative zenith, Frank Hurley was cheating death as the official photographer of Ernest Shackleton's failed bid to cross Antarctica. By burying his glass-plate negatives beneath the snow for five months, his breathtaking ice-scapes survived with him, only to be subsequently rebuffed in the archives of the Royal Geographic Society.

This year, Hurley came in from the cold, first with an exhibition at London's Atlas Gallery, and now in *The Endurance* (Bloomsbury, £20), where a selection of previously unpublished pictures accompany Caroline Alexander's deft account of the expedition. The photographs' secondary role to the text means the book is not stocked by some art book-

shops, but it is well worth seeking out, not least for Hurley's spectral, valedictory night shots of *The Endurance*, trapped in the ice, illuminated by flares.

Operating in an equally forbidding environment, the Swiss photographer Michael von Graffenried has spent the past seven years detailing the ferocious blood-letting in Algeria. Such is the threat to journalists - more than 50 of whom have been murdered - that Von Graffenried takes the bulk of his pictures surreptitiously, using a concealed, panoramic camera and shooting imprecisely from the hip. Photos are snatched whenever he can, often as he lurks furtively on rooftops or when soldiers' backs are turned. Anyone who has seen his clichéd portrait of a grieving mother, which won him last year's World Press Photo award, would do well to ignore it. Freed from the demands of news reporting, *Inside Algeria* (Aperture, £25) is an altogether more considered response, a consummate study of a society ruled by fear and mistrust.

Von Graffenried's hurried snapshots are a far cry from Gene Smith's meticulously crafted "picture essays" of midwives, doctors and other latter-day saints which graced the pages of *Life* magazine in the 1940s and '50s. Beautifully reproduced, with five intelligent commentaries, *W. Eugene Smith: The Camera as Conscience* (Thames and Hudson, £48) is a fascinating insight into this troubled genius, an alcoholic whose high moral values didn't prevent him taking his prints to increase their emotional impact (even hiring actors for his famous study of Spanish peasants).

One of Smith's colleagues on *Life* is not so well served, with *Margaret Bourke-White: Photographer* (Pavilion, £40), suffering from a slapdash layout and design. Still, there are compensations, particularly an early chapter charting Bourke-White's beginnings as an industrial photographer in Cleveland; her apprenticeship among the factories and furnaces proving invaluable when later documenting the machinations of war. The first woman photographer to accompany US armed forces, Bourke-White wanted only



The camera as conscience: W. Eugene Smith's photograph of construction workers confronting anti-war demonstrators on Wall Street, 1965

to "be famous and wealthy", adopting a fearless approach which gives her classic images - the bombing of Moscow, the liberation of Buchenwald - an even greater edge. Almost inevitably, Bourke-White's images include a section devoted to India. Even then a well-beaten track for western photojournalists, the continual draw of the subcontinent has overshadowed the contribution of its own son, Raghuvar Singh. The title of his belated retrospective, *A River of Colour* (Phaidon,

£35), provides an accurate pointer to Singh's particular aesthetic - an absorption in his country's infinitely varied hues; from sari-bright Bollywood to the mud-dusted tones of monsoon rains. Immersing himself in the mystical, eternal India like a bather in the Ganges, Singh shows what he calls the western modernist preoccupation with "angst, alienation and guilt" in favour of lyrical depictions of holy men, kite festivals and temple elephants. Given this refusal to address any issues of poverty or religious dis-

cord, some may find Singh's palette decidedly rose-tinted. No one, though, can fault such expert command of colour and composition.

Andreas Gursky (Art Data, £28.95) confirms another contemporary colourist as the most interesting photographer working today. Winner of this year's Citibank award, Gursky uses man-made structures - hotel balconies, office blocks and airport runways - to create vast, hypnotic colour fields.

Often viewed from a great distance, the human presence is less a documentary narrative than another element providing texture and form. At once figurative and abstract, Gursky's work is all the more impressive for retaining its epic scale when condensed for the coffee table.

Finally, it would be neglectful to overlook Jacques Henri Lartigue: *Photographer* (Thames and Hudson, £45), especially as the French master only achieved recognition towards the end of his life. A priceless record

of turn-of-the-century Paris, this sumptuous, exuberant volume also serves as a text-book case of arrested development. Picking up a camera at the age of seven, Lartigue truly embodied the Jesuit philosophy, his boyish fascination with flying machines, leaping dogs and his eccentric family lasting well into adulthood, undimmed by war or parenthood. Filled with wonder and optimism, these pictures are an irrepressible portrait of a vanished *belles époque*, part *Le Grand Meauland*, part *Monsieur Hulot's Holiday*.

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## Lifting the lid on the apartheid era

Victor Mallet on an attempt to uncover the truth about human rights abuse and racial conflict in South Africa

It is hard to find a better example of the simultaneous cruelty and ideology of South Africa's apartheid-era government than the chemical and biological weapons programme known as Project Coast.

In the 1980s and early 1990s, South African scientists who were supposed to be devising defences against chemical or biological attacks spent much of their time working out how to kill, or weaken, the government's political opponents with poisoned umbrellas and mind-altering drugs. They soaked the Reverend Frank Chikane's underpants in lethal chemicals, but failed to kill him; they planted anthrax spores in the food of three Russian advisers to the African National Congress in Zambia, and one died; they tried to develop drugs that would reduce the fertility of blacks but not whites; they made hundreds of kilograms of Ecstasy in an apparent attempt to defuse anti-apartheid street protests; they produced large quantities of cholera; they spiked peppermints with botulinum and whisky with paraquat.

Project Coast was sinister, but at times it was also laughable. As the Truth and Reconciliation Commission's report (five volumes, R750) points out, the respect accorded to the programme by the white minority regime before the end of apartheid in 1994 was thoroughly misplaced. "The scientific research undertaken by the project was pedestrian, misdirected, ineffectual and unproductive," it says. "It was also exorbitantly expensive, costing the nation tens if not hundreds of millions of rands. Moreover, the evidence that emerged at the commission's hearings demonstrates that it resulted in the substantial self-enrich-

ment of several of the individuals involved." South Africa's truth commission, which for the past two and a half years has held hearings across the country to listen to the victims and perpetrators of human rights abuses between 1960 and 1994, had a mandate more ambitious than those of its Latin American predecessors: to find the truth about the country's recent history of racial conflict, to grant amnesty to those who had committed crimes for political motives and made a "full disclosure", and thereby to promote reconciliation.

Ranging over more than three decades of violence and discrimination, the report is inevitably flawed and incomplete. Some human rights abuses did not apply for amnesty. Several vital witnesses - notably P.W. Botha, the former president, who dismissed the commission as a "circus" and a "witch-hunt" against Afrikaners - refused to give evidence in person. F.W. de Klerk, Botha's successor, has gone to court to challenge the findings about him and that section of the report is blocked out.

Furthermore, the commissioners, led by Archbishop Desmond Tutu, admit that they failed to uncover much about the murky period between 1990, when Nelson

Mandela was freed, and the 1994 election.

The gaps in the report are tantalising. In the section on chemical and biological weapons, for example, the authors refer to links between South African government agents and contacts in Croatia, Taiwan, Israel, West Germany, Belgium, the US and Britain. But they provide few details.

In the commission's defence, it should be noted that this is still a work in progress. The main hearings on human rights abuses have finished, but at least one more volume will be published when the hearings of the amnesty committee are completed.

A more significant problem is that the previous government systematically destroyed huge numbers of state documents with the aim of "sanitising the history of the apartheid era", as the report puts it. And although this is already a bulky publication, its narrative passages contain no more than a summary of the thousands of documents and transcripts amassed in the course of the investigations and hearings. Historians will be examining these for many years to come.

The commission also makes judgments, or "findings" in its report. It condemns the human rights abuses committed by the former white regimes, by their allies in the mainly Zulu

Inkatha Freedom Party of Mangosuthu Buthelesi, and by the ANC guerrilla movement before it came to power in 1994.

Whites who acquiesced in or collaborated with apartheid can no longer say they are not aware of the massacres, kidnappings, murders, poisonings and torture committed in their name. Those who fought to overthrow apartheid cannot claim ignorance of the execution of ANC dissidents in camps in Angola, the "necklacing" of suspected informers in the townships with blazing tyres, or the misdeeds of Winnie Madikizela-Mandela's gang known as the Mandela United Football Club.

Most South Africans agree that the commission's hearings were preferable to a series of Nuremberg-style trials. There was never really any choice. Like many Chileans, they accept that their former tyrants, their own Augusto Pinochet, must enjoy immunity because that was part of the deal that allowed the peaceful transition to democracy in the first place.

As with Chile, however, the drama is not yet over. Foreign governments are not obliged to accept the immunity pacts, as Pinochet has discovered on a visit to Europe. And what is to be done about people such as

P.W. Botha and Buthelesi, who never accepted the deal and did not apply for amnesty? They can be prosecuted even in South Africa.

That is why right-wing white South Africans have found common cause with some of their old enemies in the ANC. Let us forget about the poisonings, the murders and the torture, they say, and put South Africa's past behind us; let us have a general amnesty. The self-interested motives of the right-

wingers are obvious. As for the ANC, it wants to woo Buthelesi and keep him in the government in the interests of national unity, not risk an ethnic war by putting him on trial for gross human rights violations.

The trouble is, a general amnesty would make a mockery of the victims and perpetrators who, since 1996 have wept in public, told of their sufferings, confessed their crimes, repented their sins and sometimes made peace with each other in the emotional scenes that unfold in the commission's report.

Both Tutu and President Mandela, furthermore, are adamantly opposed to a general amnesty for the sake of political convenience. As Tutu said angrily when the ANC mounted a last minute challenge to the report's publication: "I have struggled against a tyranny. I didn't do that in order to substitute another."

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## ARTS

It is a commonplace of art history to see Tiepolo, working in the 18th century, as true heir to the Venetian masters of the high days of 16th century and the last great painter of the Renaissance. The tendency remains, nevertheless, to celebrate him in magnificent isolation, even in the context of Venice itself for it is often the paradox of context which points up the individual at the expense of the common character. Put together a fully retrospective group of his works away from home, as now in Paris, and it is very much Tiepolo the Venetian we begin to see so clearly. Put up another such group, just across the road, by a master of that earlier period, albeit the comparatively obscure figure of Lorenzo Lotto, and the chances for comparison and reflection are too good to miss.

Lotto, indeed, is a contemplation in himself upon the essential character of Venetian painting: for he is both of it and apart - leaving it, it seems, only to be drawn back to it, to and fro. It is a sad story. He was born in Venice in about 1480, the contemporary of Giorgione, Palma Vecchio and Titian; and in his earliest years he came, like them, directly under the influence of Giovanni Bellini. But by 1509 he had left Venice for Treviso and continued to wander, at first south into the Marche, then to Rome, and in 1513, north again to Bergamo, where he seems to have settled for a while.

In 1525, by then in his mid-40s, he returned to Venice, moving in with the Dominicans at SS Giovanni e Paolo where he hoped to end his days, for he seems to have had uncertain but insistent religious leanings. Even so, for the next 20 years and more, he was forever wandering off again, to Jesi in the Marche, and for a while to Vicenza. He left Venice for the last time in 1548, at first for Ancona and finally for Loreto where, by then a lay-brother in the monastery, he died at some time in 1556 or '57, his death unrecorded. His work, too, has slipped into obscurity and it was not until Bernard Berenson published his monograph in 1896 that his reputation was properly retrieved.



In his eclecticism and inconsistency, Lotto's work reflects the uncertainty of his unsettled life: we stand back with him from the subject, humane in our sympathies but just a little quizzical and detached: 'Mise au tombeau', 1516

## How Venetians made their mark

The exhibitions now in Paris bring out the best in Tiepolo and Lorenzo Lotto, writes William Packer

In its eclecticism and inconsistency, his work naturally reflects the uncertainties of such an unsettled life. Indeed there are moments when one finds it hard to accept the assurances of scholarship that tell us that all 46 works here on show are by the same hand. The Rescued "Annunciation", for example, provisionally dated around 1535, is so extreme in its mannerism as to border on the eccentric, with the Virgin cowering in

the corner, and the gestulating Angel frightening the cat to death. It is a far remove from the Bellini-like serenity of Edinburgh's early "Sacra Conversazione" (c.1505), with the Virgin, the Holy Child playing upon her lap, and four supporting Saints set in the shallow space before a screen, with a wooded landscape glimpsed beyond. At the other extreme, but no less Venetian, we have the portraits - the Titianesque three-way

view of the young goldsmith (c.1530), or London's "Lucretia" (1533) that prefigures the monumental swag of Veronese. It is in the painterly sensitivity on the surface, and with the psychological delicacy and understatement that would seem to come with it, that Lotto declares himself truly Venetian. In such works we stand back with him from the subject, just as we would with Bellini, Veronese and the rest.

humane in our sympathies but just a little quizzical and detached. It is in the more forced and self-conscious inventions, and an anxious mannerism to match, that he seems most foreign. Are these, then, the qualities of Venetian painting - a sympathetic humanism, an ironical detachment, that can yet encompass the quizzical of Bellini and all the confident swagger of Veronese? Perhaps. In Lotto we see it torn and tested and

reasserted. In Tiepolo we have it all, from first to last, in an extraordinary abundance, though what some would call his humanism, others see as bare-faced, bare-legged hedonism. We have seen a lot of Tiepolo lately following his tri-centenary, and there is no room now to rehearse the full case. But what comes over increasingly with every thing we see is the breadth and scope of his command and, above all, its apparent

ease. No matter how ambitious or complex the decorative scheme may be, always the realisation has the simplicity of the inevitable. It is in this respect as much as any that he stands rightly with Veronese. And, as with him too, that easy simplicity brings with it that very quality of distance and humane detachment. The page at the banquet, look us in the eye. And even in the most exalted of his apotheoses, as

the bodies fly skywards, we smile with him at those pretty girls, flirting their skirts and flaunting their bosoms at the very steps of heaven. Venice is a wonderful place.

Lorenzo Lotto 1480-1557 - a restless genius of the Renaissance. Grand Palais, Champs Elysees/Psa, Paris 8, until January 11. Giambattista Tiepolo 1696-1768: Petit Palais, Avenue Winston Churchill, Paris 8, until January 24.

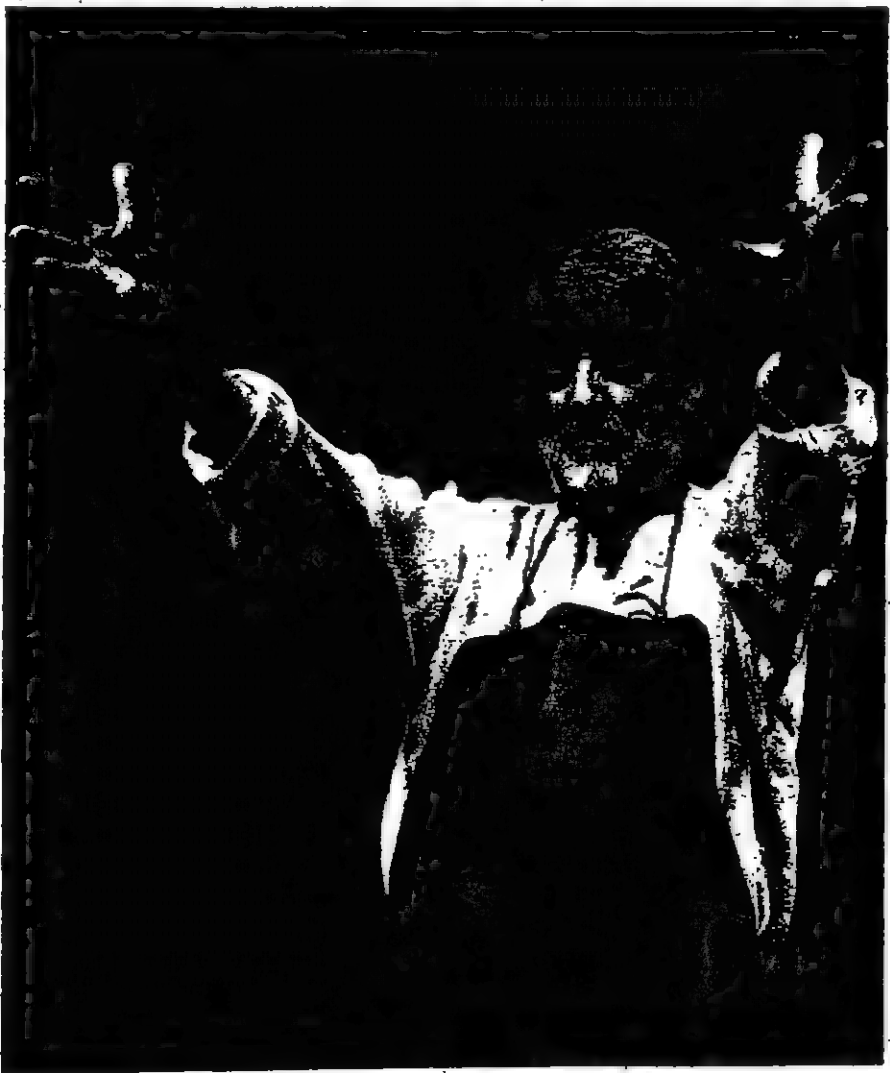
### Theatre Outsider in the holy family

Tom Conti, one reads, tried out *Jesus, My Boy* on a large audience of friends in his very large drawing-room. That was feasible, because John Dowie's play is a 65-minute monologue with no action; but the rapturous reception it enjoyed there was not, perhaps, a good prediction for success in the West End.

At the Apollo Theatre these next few weeks, many people - chiefly Conti fans - will find *Jesus, My Boy* mildly piquant, gently amusing and pleasantly brief: a nice, off-beat little Christmas show. I wouldn't argue with them. Others will find it too-closely resembling, and I sympathise with them too, especially if they have already bought seats.

This is the story of Jesus as told by Jewish Joseph, who never knew him very well. He wasn't after all the father, and between that awkward business in the Temple and the dramatic last days, Joseph never saw him at all (he was touring). What we get is a very partial, one-eyed reminiscence, relentlessly benevolent.

Joseph tells us baseless stories about how awful a carpenter he was, and about his natural discomfort when Mary became "miraculously" pregnant - and ticks in some potted diagnoses of



Tom Conti adopts a carpenter's apron as the Jewish Joseph in 'Jesus My Boy'

the leading religious factions at the time: Sadducees, Pharisees, what-have-you. He also complains about being relegated to the background of every "Holy Family" painting, and always being painted old ("I was in my 20s!").

None of it gets, unless the pervasive Conti presence is

enough for you. He adopts not only a carpenter's apron, but a decent, all-purpose Jewish intonation - hard-ly Hebraic rather than Yiddish, though most of the one-liners betray the accents of Broadway-Yiddish comix. A couple of times he is moved to "honest tears", only to recover in time for the next one-liner. There is even, suddenly, a harrowing description of how a crucifixion was actually carried out, not funny at all: we have no idea how we're meant to take it.

The killer is Conti's "Mary", treated to an unwavering Goudish falsetto without any jokes to match: neither funny nor touching, unless hearing her as a witless mid-Atlantic teenager tickles your funnybone. Any intended sense of a real Jewish family coping with the advent of a (potential) Messiah in its midst is wrecked. A few years back, the National Theatre of Brent managed such things incomparably,

even "miraculously" better. As Joseph, as in most of his chosen roles, Conti exudes an air of sunny but impregnable self-satisfaction. In his most memorable West End appearance - mis-spelt throughout the *Jesus* programme-book as *Who's Life Is It Anyway?* - that was movingly undercut by his situation as a candidate for euthanasia. But remember him in Shaw's *Devil's Disciple* for the RSC, and famously in *Shirley Valentine*; and as the preening "hero" of Coward's *Present Laughter* in 1998, where he fudged the comic bitchery by playing him far too pleasant to be nasty.

Conti is a thoroughly intelligent actor, not just charismatic. It is high time that he had a go at something like Ibsen's *Judge Brack*, or the Master Builder - or anything that would tax his comfortable reliance on being a sound, friendly, ingratiating chap.

David Murray

### Television/Christopher Dunkley Animation runs riot

There are fundamental differences between American and British film animation. If you come across a character about to climb aboard a Go Back In Time-A-Tron (looking awfully like a baked bean tin with a large front door and a single rotor blade) who explains that it will only stop at key moments in history and his companion, in tones of deep thoughtfulness, says "Bugger", whereupon the first character gives, as an example of a key moment, the invention of cheese - then you can be fairly sure that you are dealing with British goods. Likewise if the work opens with a bearded chap on a horse declaiming "When that April with his shoures sote, the droghte of Marche hath perced to the role..."

However, if the action consists mainly of animals rushing around and bashing one another with frying pans, mallets or Acme rocket launchers, or the screen is dominated by men who fly through the air wearing tight-wire underpants over the top, you are almost certainly watching American material.

The pity of it is that British animation tends to be extremely good but in short supply, while the Americans produce seemingly limitless quantities, much of it pretty poor, at least in a technical sense. However, with Christmas rapidly approaching BBC1 is about to deliver what qualifies as a feast of

new British animation. Unfortunately it is being scattered through the schedules in a manner so haphazard that you need Sherlock Holmes to find it.

*Rex The Runt* consists of 13 ten-minute episodes of which the first two will be shown on Monday at 6.25 and 7.15 pm. That arrangement continues for a couple of days, then it goes to lunchtime and 6.05 pm, moves to early afternoon on Christmas Day, disappears on Boxing Day, reappears in the 6.05 slot next Sunday, and so on. It is as though the network is determined to prevent anybody developing a regular viewing pattern.

And that is a pity because, although most episodes are capable of standing alone (there is one three-part story in the middle), it makes better sense, and the comedy builds far more successfully, if you manage to catch all episodes. I suspect this will become a fad in some homes and that, despite the BBC's best efforts to hide it, some viewers, particularly younger ones, will track it down and record every episode for multiple re-viewing. It is a plasticene stop-motion series

about four dogs - Rex, Bob, Wendy and Vince - who, like Laurel and Hardy or Morecambe and Wise, sleep in the same bed in a semi-detached house. In one episode the house is stolen.

Made by Richard Golszowski for Aardman, who this year have not given us a Wallace and Gromit film for Christmas, this series shares some of the charming battiness, for instance in the use of tinny mechanical devices such as the Go Back In Time-A-Tron, and a miniature submarine.

The sub is used by three of the dogs for exploring the interior of Vince's body, Vince being a sufferer from Random Pavlovitch Disease, a tendency to bawl out snatches from operatic arias. When they go back in their time machine to the primordial soup, they find that it is minestrone. In another episode they win Birmingham in a lottery, and when they travel to the North Pole to drill a hole to the centre of the earth and find out what it is full of, the

results are astonishing. Immediately after the end of Monday's second episode of *Rex The Runt*, BBC2 is showing the first of two half-hour programmes which, together, present seven of the stories in *The Canterbury Tales*, each animated by a different team.

The topping and tailing scenes, with the pilgrims setting off from London, or passing through the countryside on the way to Canterbury, provide another example of plasticene stop-motion photography, used so impressively here that it seems a shame that only one of the tales employs the technique. The animators come from England, Wales and Russia, and their styles contrast vividly. My favourite is the Wife of Bath's Tale, animated by Joanna Quinn in a manner which makes you think more of Rackham or Whistler than of Mickey Mouse.

The most astonishing cast has been recruited for the voices: Bob Peck plays Chaucer, Billie Whitelaw is the Wife of Bath, Sean Bean the Nun's Priest, and you also hear Robert Lindsay, Bill Nighy, Imelda Staunton, David Troughton and others. The main transmission is in modern English ("When April's soft showers have cracked the March drouth...") but there is also a version in Chaucerian English ("When that April" which is being used for the repeat on the following day, handy for anyone doing Chaucer at A-level.

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## ARTS

# The Jewish diaspora under one roof

Nicholas Powell visits the magnificent museum which has just opened in Paris

In 1342, 24 cartloads of Talmuds were taken to what is now la Place des Vosges in Paris's Marais district and ceremoniously burned. Catastrophic in its consequences for the future of France's Jewish population, the *auto-da-fé* followed a debate in the presence of king (later saint) Louis IX over the implety of Jewish

scripture, fought between four rabbis on the one hand and Eudes de Chateauroux, Chancellor of the Sorbonne and Nicolas Donin, a zealous Jewish convert to Christianity, on the other.

A leather-bound Hebrew manuscript from around 1870, describing the controversy and expressing the wish that the soul of "the heretic" Donin "... may die

for ever and his bones be filled with rottenness" is now on display in the Musée d'art et d'histoire du Judaïsme - only a few hundred yards away from the scene of the book-burning.

Thirteen years in the making, financed half and half by the Ministry of Culture and Paris City Hall, the museum opened on December 6 in the magnificent (and magnificently renovated) Hôtel de Saint-Aignan, a mid-17th century townhouse built for Louis XIV's finance

inspector, the Comte d'Arvax. From the Grand Louvre to important provincial projects, such as Lille and Lyon, the French over recent years have become dab hands at making and modernising museums; and in terms of spaciousness, clarity of presentation and intelligence of design, this one is outstanding.

Incorporating public collections, loans from institutions such as the Pompidou Centre, and private donations, the museum charts that diversity both geographically and chronologically. Precious manuscripts are displayed away from damaging daylight under elegant oak flaps, and there are plenty of comprehensive explanatory texts in French and English.

After entering by the main staircase, its oval dome painted with a colonnaded facade and an open sky in *propre l'œil*, the visit commences on the first floor with a room devoted to

objects from Jewish communities across the world, as diverse as 16th century Spanish Torah scrolls and 18th century silver Torah ornaments, or "rimmonim", made in the form of two-storey Chinese pagodas by Jews who had recently emigrated to Shanghai from Iraq.

Paris begins next door, with fragments of medieval tombstones discovered in 1849 on the site of a large cemetery under what is now the Boulevard Saint-Germain. Unpromising material at first sight, the stones are imaginatively clustered together on iron stands, their equally fragmentary texts, translated into French, regrettably the departure "to the Garden of Eden" of people such as "Précieuse, daughter of Rabbi Eleazar".

The life of Jewish communities in Italy from the Renaissance to the 18th century enjoys a section of its own, housing the only surviving Ashkenazic Arch, from 18th century Modena, nine feet high in sculpted, painted and gilded wood, alongside Torah ornaments, 18th century oil paintings of religious feasts and an early 18th century circumcision chair in carved and gilded wood, equal in elegance to the most elaborate Italian furniture of the day.

Elsewhere, major religious festivals and ritual, from Purim to Bar Mitzvah, provide a thematic basis for what is necessarily a very fragmentary collection. An entire room, for example, is devoted to Hannukah oil lamps. All bearing distinctive regional or national influences, they range from sturdy 16th century brass models made in Italy to rich

and elaborate silver lamps from 19th century central Europe. In stark contrast, one early 20th century model from Alsace-Lorraine is cut from tin plate, incorporating cake moulds as lamps with two naively shaped birds perched on its sides.

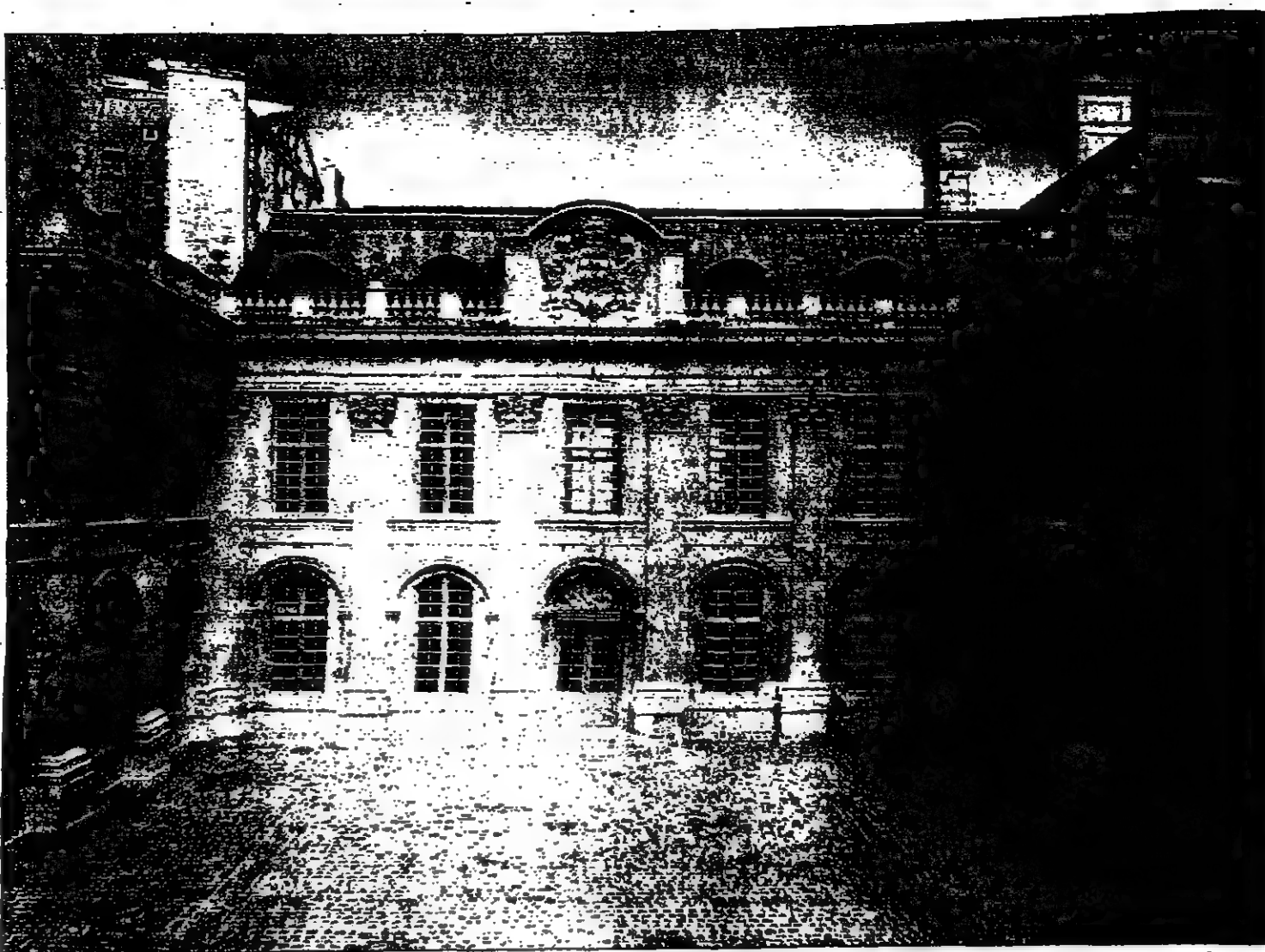
The all but lost Jewish communities of eastern Europe are evoked in a single room, containing pre-war photographs of often imposing synagogues alongside their wooden models. The visit then takes a confusing turn, with an attempt to summarise the past of Sephardic Jews in a few square metres, juxtaposing a handful of costumes from areas as far apart as North Africa and Uzbekistan in neighbouring display cases.

The museum then launches into an extensive section entitled "Emancipation, le modèle français",

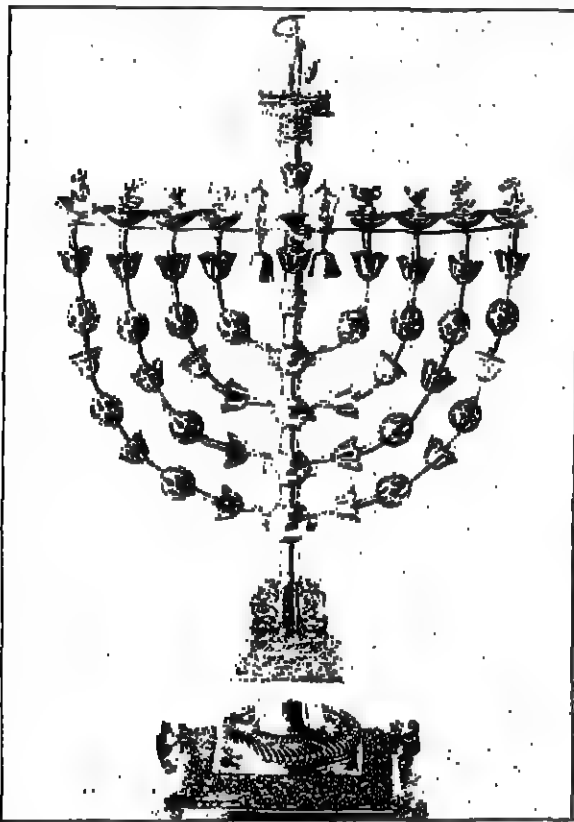
Expelled from France during the 14th century, Jews were not granted full citizenship until 1790, during the Revolution. Antisemitism, of course, surfaced with a vengeance in the Dreyfus affair, admirably illustrated here not only with Zola's celebrated "J'accuse!" banner headline from the daily paper, *L'Aurore*, but also with documents as diverse as the ledger of the guards on Devil's Island, and a photograph of the victimised captain's degradation in front of his comrades-in-arms.

The pogroms of late 19th century eastern Europe and the emergence of Zionism are skimped, the Jewish settlement of British-controlled Palestine is virtually ignored. Quite deliberately, the subject of the Holocaust has been omitted altogether. The wartime deportation of French and European Jews

from France, meanwhile, is treated with moving sobriety in a small room, one wall of which is lined with enlarged photographs of identity papers of deportees. Another wall is papered with an extract from the list of names of a convoy, over which are hung photographs of Jews wearing the yellow star - imposed by Marshal Pétain's government before the Nazis even asked them to - in the streets of the Marais. The Hôtel de Saint-Aignan itself had housed Jewish families from eastern Europe since the late-18th century, many of whom were deported to death camps. Evoked by photographs of the building in the 1930s, grimy and visibly crowded, that tragic past is now part of a vast overview of Jewish life and culture, not only in France but throughout and indeed prior to the diaspora.



Historic justice: the new museum is housed in the 17th century Hôtel de Saint-Aignan - which is a few hundred yards from where cartloads of Talmuds were burnt in 1342



One of the Hanukkah lamps, c.1894

Audiences at performances of the Metropolitan's new production of Verdi's *La traviata* seemed happy enough with Franco Zeffirelli's staging, but then to foreign visitors the Met audience has always appeared phenomenally indulgent, ready to applaud the sets even before the music has started, and ready to applaud an aria even before it is really finished. But, on this occasion, the critic of the New York Times has tried to set them right, damning Zeffirelli's work for what it really is: gimmicky, vulgar, generally ill-conceived. Some New York opera-goers suggest that Zeffirelli has run out of ideas. No such luck. He has ideas, but they are bad ones.

Forgive, if you care to, the colossal MGM tackiness of Flora's party in Act 2 (whoever said Flora had bad taste?). But, in the last act, the designer-director arrives at the unforgivable, inventing a scene-change during Violetta's death-throes. Exploiting the Met's state-of-the-art stage elevator, Zeffirelli makes Violetta leave her death-bed, run down a flight of stairs (actually, the elevator is rising, with the re-arranged set of Act 1) into her dismantled salon where, in order to find a shawl, she goes straight to a hamper and successfully rummages a bit (as if she had done her own packing). Unfortunately she has left upstairs the youthful portrait she means to give to Alfredo so, at the heart-rending moment of "Frensi il mio core", she has nothing to her hand, and Alfredo has to take the gift on faith. Actually, there were spectators

## Stage badly set for death and madness

This is not a happy time for the Italian repertory at the New York Met, reports William Weaver

at the Met who gave the elevator a round of applause. Why not? It was as effective as some of the other interpreters. Though Patricia Racette was the replacement of a replacement, she was not unsuited to the title role, and once she got past a tentative first act, she assumed a certain nobility in the long duet with Germont, and, in the final act (despite competition with the elevator), she was profoundly affecting, vocally and dramatically convincing. The young tenor Marcelo Alvarez was a gawky Alfredo, but impassioned (his restored second act cabaletta came off well: desperate, romantic and vigorous). Hajling Fu, the Germont, however, was rasping, wooden. And too often James Levine tried to generate heat by increasing speed and volume.

This is not a happy time at the Met for the Italian repertory. Having essayed a *Lucia di Lammermoor* a few years ago, in a generally condemned surreal staging by Francesca Zambello, the great house - somewhat late for the composer's centennial - decided to try again, importing the French director Nicholas Joël, with the veteran designers

Enzo Frigerio (sets) and Franca Squarciapino (costumes), to give Donizetti's masterpiece another try. This time, reality was served - romantic castles on towering crags, Victorian gothic halls with stained glass and elaborate beams - but the director revealed

There were spectators who actually gave the elevator in 'Traviata' a round of applause

only a disturbing bag of tricks. Why, in the opening scene, was Enrico standing, in crucifix position, against the iron fence of Lammermoor? And why did Edgardo begin his final scene in a strange couch outside the family chapel? And, worst of all, why did guests and great hall vanish for the Mad Scene, leaving Lucia alone against a rough-hewn stone wall?

The production was created as a showcase for the popular soprano Ruth Ann Swenson. She has the notes, but her conception of Cammarano's often-lovely text was smugged, and her emoting seemed generic. In the Mad Scene her acting was worthy of Baby Jane.

Her Edgardo, the rotund Mexican tenor Ramon Vargas, did not bother much about acting, except with his voice, which has an appealing sweetness and, when required, a clear, true ring. He made the music count; thus, for once, the final scene - his big moment - seemed the real conclusion of the work and not just a coda to Lucia's insanity. Roberto Frontali, a baritone much admired in Italy, was not at his best: the voice sounded gruff, even gritty much of the time, and the director gave him little to do except push the other characters around (he even laid sacrilegious hands on Raimondo, the coarse, uninteresting Alastair Miles). Carlo Rizzi conducted unevenly, and the usually precise Met chorus - male department - was jarringly ragged in scene one. Donizetti - and the Met audience - deserve better.



She has the notes, but her acting is worthy of Baby Jane: Ruth Ann Swenson as Lucia

The run-up to the season of goodwill got off to a charming start in Sunday's *Itchy Feet* on Radio 4. A woman recalled her girlhood in a Wiltshire village and the little cinema her parents ran: her life was transformed by seeing *Breakfast at Tiffany's*, with Audrey Hepburn as Truman

Capote's Holly Golightly. She longed to go to New York, both huge and intimate, sophisticated yet friendly, where everybody knew one another and was good-looking and well-dressed... A west-coast American remembered her youthful obsession with the Beatles' first film, *A Hard Day's Night*, and her desire to see quirky England. The English girl got to New York and it was just as she had hoped. The American visited England, subsequently returned and stayed. Neither was disappointed; there was a sort of gold at either end of the Atlantic-spanning

rainbow. It was a simple and delightful item. The first, unexplained, Donkey-less Feedback was presented by someone apparently named Nick-Yon Take-In, which sets off uneasy reverberations, especially as the FT's Christopher Dunkley believes that the programme's new policy is less to hold the BBC to public account than, like Milton justifying God's ways to man, doing a Frank PR job for the corporation. It remains to be seen whether this rare forum for listeners to confront the masters of the

airwaves will lose its bite. It remains to be seen also when James Boyle will depart. After all, he promised us that he would go if his Radio 4 changes failed to secure the requisite audience increase. It has failed, though all sorts of linguistic and statistical contortions may assert otherwise. Doubtless Boyle will, the BBC curiously resembling most great British institutions, be kicked upstairs where established failure is seen as a prerequisite of decision-making. In fairness, it must be admitted that Radio 4 is still

full of an extraordinarily varied selection of good things, which makes the occasional dud all the more irritating. The double-length *You and Yours* simply does not work. There is only so much truculent amusement and glum virtue you can take, and 55 minutes is too much. Last Wednesday's item on anti-smoking campaigning made me want to run out and buy a packet of fags in sheer exasperation with the droning snoraks who have our good at heart. I await, fatigued, the next round of anti-smoking and outright war against the biggest killer,

mainner and polluter of all, the internal combustion engine. And cakes and ale of course. The programme included a report on "pram rage" where snorak parents approvingly reported running their future snorak infants into crowded lifts or against people's heels in protest against how badly they are treated. Controlling my radio rage (a recently identified phenomenon manifested by hunching electrical apparatus against walls), I was interested by the account of a Camden bar that has replaced muzak with the classics. It bore a

strong resemblance to a Radio 3 *Music Matters* story on Sunday about a Camden bar that has replaced muzak with the classics. The BBC's devotion to PR evidently works both ways. As the year draws to its close, Radio 4's arts coverage still gives pause for thought. In *Saturday Review's* discussion of the Royal Opera's *Bartered Bride* the team followed the usually reliable Thomas Sutcliffe's lead in mispronouncing the hero's name so unrecognisably as to make me wonder if they had been in the auditorium at all. The programme toppled into

self-parody when one of the assembled aesthetes compared Smetana's opera with *Fiddler on the Roof* - only *Fiddler on the Roof* had better tunes. Perhaps there are some arts that do not lend themselves to bright, superficial chat after one sampling. Would such inanity be excused in any other context? *Waiting for Godot* is like Morecambe and Wise with less funny jokes. *Time Andromeda* is like Delta Smith only with less helpful cooking times. As with smoking, the British establishment should decide whether it wants the arts or not; whether to permit these unhealthy practices, pretend they don't exist or ban them altogether. Meanwhile a mountain of not especially Christmassy listening awaits before we meet again in January. Season's greetings.

Gold at the end of the rainbow

Radio/Martin Hoyle

## Gold at the end of the rainbow

البريد الإلكتروني



# How to Spend It

## The noses have it in our grand sniffathon

Some phenomenal percentage of all fragrances is sold at Christmas time. We don't need any surveys or accountants' records to reveal such an obvious truth - the crowds around the fragrance counters tell the story.

I don't know if anybody has computed how many gallons this all amounts to, but it must surely be more than enough to float a battleship. As much of this lotion-dabbing is designed to

appeal to their nearest and dearest, it seemed a good idea to ask a few very chic women what sort of fragrance they would like to sniff around their own particular men and to ask a group of men just what sort of fragrance they would like their women to be dabbing on.

Below are the results of our very own mini-survey.

Lucia van der Post

### Women's favourite fragrances for the men in their lives



**Vetter by Guerlain**  
Eau de Toilette  
100ml, £42

□ Selma Blow, fashion designer  
"I'm not really mad about many aftershave, but if I had to buy one it would be Christian Dior's Eau Sauvage, because it's a clean, plain fragrance which retains a certain sharpness. I'm not really wearing scent at the moment because I'm pregnant, but if I were to wear something I'd wear Eau Sauvage myself."  
*Christian Dior Eau Sauvage, Eau de Toilette, 100ml, £39*

□ Elspeth Gibson, fashion designer  
"I love Cach & Speake 88. It reminds me of warm

summer's evenings and the first time I met my husband."  
*Cach & Speake No 88 Cologne Spray, 100ml, £37 (freephone mail order tel: 0800 919728)*

□ Anouska Hempel, haute couturier, designer of hotels  
"My absolute favourite is Pamplemousse, a fresh grapefruit scent that I originally bought in Pacific del Sud in Paris. We used to spray it everywhere, as a refresher or even on the shirt."  
"You can spray it up your shirt, down your trousers or in your socks. My husband

was the only one who really got into it and whenever anyone asked, I always said it was ginger."  
"It's best to keep little secrets until you're ready. Now we sell it in the minibars in The Hampel and Blakes and everyone knows it's grapefruit. I guess, if you really want to get that freshness, you could chew on grapefruit rind when jogging. Personally, I'll stick to Pamplemousse."  
*Pamplemousse, Eau de Toilette, 100ml, £40 (from minibars at The Hampel and Blakes hotels and from Pacific del Sud in Paris)*

□ Isabel Pritchard, in charge of product development at Connolly and wife of Joseph Ettedgui of Joseph shops  
"It has to be Charvet Eau d'Imperial, obviously because it reminds me of my husband. There's something rich, established and very French about it. It reminds me of the Place Vendôme, real luxury. It's fresh citrus with undertones of musk. There's just something really special about it. If it wasn't Charvet, I guess I'd pick Eau de Caron Pure."  
*Charvet Eau d'Imperial, 100ml FFY380 only available from Charvet, Place*

*Vendôme, Eau de Caron Pure, Eau de Toilette, 100ml, £33*

□ Lulu Onimaru, handbag designer  
"There's a small bottle, Acqua di Parma, that I like very much. I like things that are citrus, I love lemon, but not too pungent. Fresh things are best, not too natural and sweet."  
"I like men to use deodorant and then a little cologne. By that I really mean a little - there's nothing worse than suffocation by cologne."  
*Acqua di Parma, Eau de Cologne, 100ml, £55.95*

□ Kelly Hoppen, interior designer  
"My husband Ed wears Vetter from Jo Malone, which I absolutely adore as the fresh citrus smell exudes sexiness."  
"I love the sensual masculine smell of cologne and I've now created my very own fragrance, out of figs and patchouli oil, among other things, that evokes life and passion."  
*Vetter by Jo Malone, Cologne, 100ml, £28.50*

□ Sarah Douglas, head of Storm model agency  
"I've always liked Vetter by Guerlain, because it's very

earthy and sensual."  
*Vetter by Guerlain, Eau de Toilette, 100ml, £42*

□ Lucille Lewin, joint founder and owner of Whistles, the fashion chain  
"My husband Rick wears Cach & Speake 88 and I love it."  
*Cach & Speake No 88 Cologne Spray, 100ml, £47 (freephone mail order tel: 0800 919 728)*

□ Helen David, designer and founder of English Eccentrics  
"I don't like overpowering scents on men. I like it when he uses Bulgari pour

Homme. It is subtle, dry, masculine and it doesn't mark his character. It reminds me of summer evenings, and he's in a cool, crisp linen shirt after the sun has gone in at the end of the day."  
*Bulgari pour Homme, Eau de Toilette, 100ml, £42*

□ Camille Ridley, textile designer  
"I like Rocabar by Hermès because it's subtle and rich, yet still fresh. It reminds me of when he's just out of the bath, clean shaven. And I love the bottle."  
*Rocabar, Eau de Toilette, 100ml, £42*

### Men's favourite fragrances for the women in their lives



**Dazzling Silver by Estée Lauder**  
Eau de Parfum  
50ml, £37.50

To find what fragrances they really like we asked a number of our favourite men to sniff some of the most popular new scents launched this year. All the scents were disguised so the sniffing was done blind.

Among the new scents, we infiltrated some of the most famous classic smells. Our sniffers all being independent minded it is perhaps not surprising that few general conclusions emerged - one man's favourite turned out to be another's pet hate. But for the record, 50 per cent declared VERY (by Valentino) their favourite (and we happen to know some lucky women will be finding it in their stockings come Christmas morning), 25 per cent went for the

classic Chanel No 5 (clearly its staying power has something to do with its innate appeal), and precisely 12.5 per cent of our sniffers plumped for Carolina Herrera.

Here we list the scents that were tested with some of the panel's views.

□ VERY VALENTINO, Eau de Toilette, 50ml, £33  
Hardly anybody had a bad word to say about this - from "sweet" to "fresh, balanced, clean, a hint of fresh fruit". This was the scent that appealed to more of our male testers than any other. The nearest to a hint of criticism came from one tester who declared it a "little too old-fashioned", and another who thought it "quite smellable, but not very subtle".

□ alchimie by Rochas, Eau de Parfum, 50ml, £32  
alchimie did not go down well. One of our testers said it smelled of "nothing". Others described it as "alcoholic, surgical spirit, too sharp" and yet others thought it smelled of "food, though none that I have tasted or would want to taste". Those who liked it better thought it smelled of vanilla or "orange and vanilla essence". It was "for the younger woman".

□ Le Feu d'Issey by Issey Miyake, Eau de Toilette, 50ml, £25  
Le Feu d'Issey, much beloved by fashion editors, not to mention architects, designers and art gallery owners, did not turn out to be wildly popular with our male panel. "Antiseptic," said one. "Too strong and masculine for me," said another.

□ Boudoir by Vivien Westwood, Eau de Parfum, 50ml, £45  
"This scent had two of the most glamorous launch parties of the year - one in a vast warehouse in Battersea and another a full-scale dinner in the Victoria & Albert Museum. Alas, glamorous launches do not necessarily a success make. It didn't go down well with our panel. "Nothing distinctive about it," said one. Another thought it too "sharp and cheap".

□ 212 by Carolina Herrera, Eau de Toilette, 50ml, £35  
This also drew a mixed

response, from "mummy" and "nothing" or "characterless" to "interesting, smooth, smell, strong scent" and "spring woodland" and "extremely delicate". Nobody could quite make his mind up about it. Yet at the end of the day, 12.5 per cent of our panel declared it to be the best.

□ VS by Versace, Eau de Toilette, 50ml, £25  
A very mixed reception. Opinions varied from "OK" and "jenny, nice for a summer's day" and "a bit sharp" and "really pleasant" to "unisex, cold, a nasty cheap smell" to "strong and violent, but improved with time". Most mysteriously, one of our panel thought it smelled of "jelly babies".

□ Contradiction by Calvin Klein, Eau de Parfum, 50ml, £37  
Some of our panel really liked this. It smelled of "blossom", said one. Another called it "subtle and sweet" and yet another said it was "very delicate". Another panelist thought it smelled of "rose water, a soft delicate smell, subtle but older". Another thought it had an "initial gin smell followed by flowers... nice". Even though hardly anybody disliked it, oddly, under the points system, it didn't end up among their favourites.

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□ Dazzling Silver by Estée Lauder, Eau de Parfum, 50ml, £37.50  
This perfume, too, had a

panel - "strong and bitter like a great-aunt" said one, while another thought it a "touch heavy" and another thought it "started very nicely, then became strange and then it changed again and became quite lovely though strange".

Miss Dior brought out a mixed response - some thought it "bland", others thought it "was unpleasant and aggressive", while those

in favour thought it "slightly sharp but sweet and fruity" and another said it reminded him of "mustard and cress on his ham" (an odd sort of childhood?). L'air du Temps by Nina Ricci was considered "smokey", "spicy" and "mysterious" ("I'd definitely go for this," said one panelist). Others thought it "too strong".

Finally, Femme by Rochas, though a favourite of many

women down the years, did not find a great deal of favour with our panel. "Bland," said some. "Bizarre" and "fades too quickly," said another. "Lacked sophistication and tries too hard" was one view. I have no deep philosophical thoughts to glean from all this except that men are mighty hard to please... but I guess we always knew that.

**AUSTRALIAN GREENHOUSE OFFICE**  
Consultant (several consultancies)

The Australian Greenhouse Office (AGO) is seeking the services of consultants to prepare a series of reports identifying potential greenhouse efficiency standards for both new and existing Australian fossil fuel generators. A separate report will be prepared for each fossil fuel class (ie black coal, brown coal, natural gas and other fossil fuels). Each of the reports will need to:

- Identify world's best practice generating efficiency for both new plants and existing plants and in Australia for a specified fossil fuel;
- Identify variables affecting best practice performance; and
- Recommend potential efficiency standards for Australian fossil fuel generators by fuel class.

An additional consultancy will be responsible for integrating the above consultancies into a report bringing together all the different fossil fuel classes. Specifically, the report will need to:

- Define best practice performance for each of the fossil fuel classes;
- Discuss the variables affecting the performance of each of the fossil fuel classes for both new and existing plant (including identifying any barriers and suggesting possible solutions); and
- Assess the financial and economic implications of the proposed standards.

Copies of the consultancy brief, details on lodging tenders, and evaluation criteria are available on the AGO's web site at [www.greenhouse.gov.au/markets/gen\\_eff/consult](http://www.greenhouse.gov.au/markets/gen_eff/consult) or by phoning Ross Lapworth on +61 2 8274 1422.

The deadline for the acceptance of tenders is 2pm, 14 January 1999 for the integrating consultancy and 2pm, 26 January 1999 for the fuel specific consultancies, delivered to:

Tender Box  
Environment Australia  
1st floor Tobruk House  
15 Moore Street  
CANBERRA ACT 2600, AUSTRALIA



## HOW TO SPEND IT

## Men's Fashion

## Cutting a dash with the minimum of fuss

It's the perennial question - what to wear? Just be individual, says Simon Mills

**T**he Christmas party invitations mounting on my mantelpiece illustrate the sartorial dilemma facing modern man during the festive season.

Many of the requests for my company (which vary from after-work drinks to more lavish soirées of the carriages-at-2am variety) are printed on thick, white cards using expensive, raised copperplate script.

However, only one of the 10 or so "hard cards" alludes to further formality by including any suggestion of the attire which might be appropriate for the evening. It is worded thus: "Dress: up." So what to wear? Black tie may be a pain in the neck, but it can also be a welcome stipulation.

These days only the poshest invitations will require such clobber - others are left blank, encouraging men either to rise to the party challenge with a bit of dash and panache... or simply stay at home nursing a beer and the TV sapper.

Piers Adam, 34, knows a thing or two about parties. In fact, he's made a business of it. By day, Adam operates from the HQ of his burgeoning K-Bar empire, whose vast subterranean club in London's Soho is party central all year round. His working day can involve meeting brewers, bouncers or City boys, so he dresses formally: smart business suits, shirts from Emmett, ties from Gucci, shoes from Trickers. Perhaps a roughish velvet collar on his coat.

His nocturnal style is different, less classic but just as classy. "I have several velvet and corduroy suits made for me by John Pearce, all in either navy blue or black," says Adam. "The black ones are actually formal enough for black tie balls, but I'll put one on just for a night out at my bar. I wear them with Margaret

Rowell shirts and these beautiful, beautiful Berluti shoes that I've just discovered."

He never wears a tie in the evening. "It's not very sexy and it makes you look like you've just come from work. Want to know my secret? Always go home and change - fresh shirt, a shave and a shower - you'll look better and feel better."

"The way I dress for an evening out tends to hinge on my mode of transport," says Nick Ashley, 41, the son of Laura Ashley, who runs his own outdoorwear mini-empire in Notting Hill, west London. "Usually, my wife and I will opt for the scooter so I'll keep it simple." This means a classic, single-breasted, three-button black

**He would particularly advise against those cufflinks fashioned to look like bathroom taps**

suit from tailor Anderson and Sheppard (Savile Row), worn with a plain white shirt from New & Lingwood.

"I never wear a tie except for a wedding or a funeral, where I think it would be seriously disrespectful not to. An open collar gives you that rather glamorous spread around the neck area - it exaggerates the shoulders, which is good for skinny little runts like me."

Ashley dresses up the whole outfit a bit with a pair of custom-made patent leather chukka boots from George Cleverly ("very dressy but macho") and will throw on a black waterproof



□ From left to right: black single-breasted suit, 2570, worn over a white pinstriped shirt, 2295, all from Issey Miyake, 270 Brompton Road, London SW3 (0171-561 3780). Black single-breasted suit, 2480, from Joseph, 74 Sloane Avenue, SW3 (0171-591 0805) with blue herringbone shirt, 2130, from Richard James, 31 Savile Row, W1 (0171-434 0605) worn under black high v-neck sweater, 289.95, by John Smedley, mail order 01629-334571. Black woolen turtle-neck, 2290, from Hermès, 155 New Bond Street, W1 (0171-499 8856), worn with grey wool cargo pants, 2296, from Louis Vuitton, 17-18 New Bond Street, W1 (0171-368 4055). Silver grey single-breasted suit, 2380, from Favourbrook, 65 Jermyn Street, SW1 (0171-491 2387), worn with a burgundy shirt, 275, from Joseph and a silver silk tie, 225, from Kelsey, 58 Lamb Conduit Street, WC1 (0171-404 1616).

Clothes research: Neil Robert Warren. Drawings: Jos Berge

Gore Tex "Trailmaster" jacket from his own collection to keep out the wind and rain.

Keep socks black, he says. "And avoid anything described by a shop assistant or magazine as 'fun' or 'witty'." He would particularly advise against those cufflinks fashioned to look like bathroom taps which, he believes, will ensure you a cold, not hot, reception from women.

Not everyone is blessed with Ashley's freewheeling lifestyle and flexible timetable, but as the end of the century approaches, modern professional men, particularly those in the creative sectors, might notice relaxation of the restrictions on office kit and formal tailoring enjoying a gradual deconstruction.

Indeed, in some offices it can appear to be "dress down Friday" every day of the week, and employees can cut a seamless dash from work to play with the minimum of fuss. That dark, architectural suit from Comme des Garçons or Jigsaw, which might be teamed with a plain shirt by day, can be given extra nighttime whiz with a lilac cashmere roll-neck from Brora, and funky shoes from Camper.

Tom Dixon, furniture designer and creative direc-

tor of Habitat, favours Comme des Garçons shirts and a heavy wool, navy blue chalk-stripe suit from Paul Smith. But he makes an entrance at any cocktail party with the addition of a full-length, teddy bear coat by Richard James, a vintage LED watch by Pulsar and a winning smile, which reveals an incisor capped in glistering gold. "I haven't worn a tie since I was 11," says Dixon.

The authors of *Jocks and Nerds - Men's Style in the Twentieth Century* (Rizzoli, £28.95) would admire such individualism. They reckon the secret of successful party dressing is personal selection - "...never succumbing to popular taste but following a slightly idiosyncratic sartorial bent, never making himself subject to reproach but not relying on common wisdom, either."

This advice is spot on. A truly well-dressed party animal will appear neither fashionable nor unfashionable. "Fashionable", or worse "trendy", is an uncomfortable and undignified place for a man past his mid-30s. Apart from the fact that women are likely to view men dolled up like mannequins with suspicion, high fashion attire, no matter how expensive, gives a man a slightly cheap, proletarian air.

These days the purchasing of overpriced, glacially styled Bond Street menswear is often associated with wealthy football players or readers of men's magazines who aspire to dress in similar style but make do with high street versions. Meanwhile, and this is where it gets complicated, appearing to have no fashion sense at all will render one hardy and

**'I never wear a tie except for a wedding or a funeral, where I think it would be disrespectful not to'**

unworldly in the eyes of peers and the opposite sex.

Confused of east London? Don't be. Straight-faced City boys should be aware that while trends may come and go, elegantly executed power dressing is still considered sexy and stylish - a decently tailored business suit worn with confidence and élan is the kind of look which will garner invitations and open doors.

You can't beat a classic

three-button suit for flexibility, but come the evening, play down the Gordon Gekko look. This means no striped shirts, or button-down collars (try a John Smedley polo neck, instead) and no brown shoes. Oh, and lose the mobile phone.

The aggressively monotone-on-tone Prada look favoured by record company execs in the late 1990s is, as they say in catty fashion parlance, so "over". Instead, choose a modern take on the Dean Martin silhouette - a kind of *fin de siècle* rat pack. Go flamboyant but not camp about the shirt collar (try Richard James or Etro, on Bond Street), pay attention to subtle detail with your accessories (maybe an old Rolex Daytona or Tiffany dumbbell cufflinks), and ask for a rakish, slimming cut to your suit - Carlo Brandelli at Kilgour, French & Stanbury on Savile Row knows this look well.

If the invitation is formal, then designer label takes on the black tie are an acceptable option, but watch out for Nehru collars which tend to give one the air of a 1960s optom den relic.

Absolutely no matching ties and cummerbunds in garish paiseley, and no shirts with Christmas cartoon characters printed on the panels hidden by your jacket, please. This sort of

thing is not funny or clever. Vibrant purple or chocolate brown velvet jackets can look delicious if slightly camp (try Favourbrook on Jermyn Street or David Tang in Hong Kong) when teamed with the regular black tie/white shirt combo or buttoned up high to hide lack of arse.

If you're on a budget, buy black tie second-hand rather than rent - charity shops always seem to have a

healthy supply of snappy Dolos Vita-style tunics from the 1990s.

When in doubt improvise. It's worth remembering that the modern dinner jacket was born in 1886, when a certain Griswold Lorillard turned up to the top-hat-and-tails autumn ball at the Tuxedo Club in Orange County, wearing a smoking jacket. The sartorial impudence of this maverick should inspire us all.

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TELEPHONE: 0171-499 1801 FAX: 0171-355 3297

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2000



## HOW TO SPEND IT

### Fashion

# Cosy cashmere — just for the feel of it

Socks, curtains, hot water bottle covers... but Lucia van der Post still wants a dress

**T**he thing about the rich is that while they may have more money than the rest of us, they're not (usually) foolish with it. Cashmere isn't their favourite fibre just for swank or show.

It's hard, after all, to swank about in something as understated as a fibre that you need to get up close to identify.

No, it's a favourite fibre because once you've shrugged it on anybody with half a grain of sense can tell the difference between it and even the finest of fine lambswool — let alone ordinary wool or cotton or rayon or viscose. The lightness, the softness, the warmth are of a different order from other wools.

It can have escaped nobody that this season cashmere is not only around in greater abundance, but also in more unfamiliar forms.

Cashmere comes nonchalantly in drawstring trousers, shorts and espadrilles. It comes in sophisticated form in chevron striped cashmere throws and rugs and in esoteric guise in hot water bottle covers and cushion covers. Weirdly, it comes in bikinis and — most sensually luxurious of all — it comes in plain lengths to be hung as what must be some of the most understated curtains of all time (pashmies by the metre by Bernis de la Cuona at The General Trading Company, 144 Sloane Street, London SW1).

The real joy, however, of cashmere is in its feel, and

so it is no wonder that come winter it is the thought of wearing it that really beguiles. For those who do not have mega-bucks to spend, selected branches of Marks and Spencer are selling simple short-sleeved, crew-neck sweaters for £75 a time, basic turtlenecks at £90 each, and a ribbed tunic dress for £195, all in cashmere. Colours are limited to coral, baby blue, grey and black.

Brora, that cult shop at 344 King's Road, London SW3 (mail order 0171-736 9944), has little cashmere vests in a multitude of colours at £35 a time and simple things such as socks at £15, gloves at £15, scarves from £39 and hooded jumpers in grey, charcoal, purple, pale blue, red or indigo for £229. Probably most fashionable at the moment, though, are its little cross-over cardigans in a wide range of colours at £169 each.

The Boden mail order catalogue has some not-too-expensive cashmere — gloves in pale pink, marl grey, pale blue or black at £28 a pair, long scarves at £36 a time and fitted shirts in avocado, misty blue, lilac and grey at £170 each (to order tel: 0181-453 1635).

Etro, at 14 Old Bond Street, London W1, has a colourful selection of cashmere scarves — sometimes backed by satin, sometimes in marvellous traditional paisley patterns.

Shi, at 30 Lowndes Street, London SW1 (tel: 0171-236 3828), always has a selection of stylish and interesting cashmere. Shi reports that her best-seller this Christ-

mas is a short button-through cardigan which comes in lilac, black or petal pink (other colours can be ordered) and costs £295.

For those who fancy cashmere for more than just their clothes, or who perhaps live in draughty country houses without decent central heating, TSE (tel: 0171-263 4433 for stockist inquiries) does duvet covers and matching pillow-cases in white cashmere as well as slippers (in white or grey) and baby cushion covers.

M. Peal has always had something of a thing about cashmere and it was M. Peal which first introduced me to the concept that even the most banal of objects — such as socks — could be transformed into something quite other simply by making them in cashmere. Nowadays, it is using cashmere for covering a chair and footstool as well as turning it into striking blankets and cushion covers.

Ultimate luxury probably lies in the double-faced cashmere used by many designers from Ralph Lauren and Donna Karan through to Salvatore Ferragamo, whose utterly simple double-faced cashmere dress and coat are sketched here, and the white floor-length, double-faced coat by Marc Jacobs for Louis Vuitton.

For myself, though, I can think of nothing more wonderful than to shrug into Shirin Guild's marvellously relaxed take on cashmere — a simple shift of smoothest, softest fibre, utterly comfortable even after the most self-indulgent of Christmases.

□ Photograph centre: cashmere-covered chair and footstool (£295 and £495, to order); diamond patterned cashmere blanket (£295), and patterned cushions (£195). All from M. Peal, 37 Burlington Arcade, London W1.  
□ Sketched clockwise from below right: grey cashmere shift dress, £1,100, by Shirin Guild from Liberty, Regent Street, W1 (tel: 0171-235 6778 for other stockists). Double-faced cashmere dress, £600, with matching coat, £900, by Salvatore Ferragamo, 24 Old Bond Street, W1. Soft-woven cashmere men's shirt, £390, from Connolly, 32 Grosvenor Crescent Mews, SW1. Cashmere gloves with bead trim, £60, by Elspeth Gibson, 7 Pont Street, SW1, on hot water-bottle cover, £75, from The White House, 40-41 Conduit Street, W1 (0171-629 3521). Cashmere slipper mules, £168, by TSE from Selfridges, Oxford Street, W1. Cashmere shorts, £148, by Lamberto Losani (tel: 0171-839 2731 for stockists). Cashmere cardigan with hooks, £295, by Cashmere Studio from The Cross, 141 Portland Road, W11. Cashmere sweater with beaded sleeves, £325, by Elspeth Gibson, as before. At top of small group: cashmere dressing gown with shawl collar, £995, from Connolly, as before. White double-faced cashmere coat, £1,480, by Louis Vuitton, 149 New Bond Street, London W1.

Drawings: John Deane



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ness anxieties and provide effortless contact with family and friends, thereby giving the emotional fulfillment that directly contributes to improving the overall quality of our lives. And a reassuring word is welcome at any time of the year, but perhaps even more so in this particular season.

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The Japanese cellular phone market now exceeds 35 million subscribers. To accommodate further expansion, all cellular and PHS phone numbers in Japan will change from 10 to 11

digits at 2:00 a.m. (Japan Standard Time) on January 1, 1999. This renumbering will also greatly facilitate the preparations for receiving or making calls anywhere in the world using one terminal when such a service becomes available. Please ensure you input the correct number when calling on or after the above date.



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## SPORT / MOTORING

## Single-Handed Racing

## Alone in the ocean and really hating it

Keith Wheatley on Mike Garside's odyssey from a desert war to battling in the Around Alone race

Arthur Ransome wrote a very successful children's book called *We Didn't Mean To Go To Sea*. The title fits solo sailor Mike Garside's predicament beautifully although he is probably too busy right now for juvenile fiction. Garside is on board his yacht somewhere between South Africa and Antarctica, leading Class II in the Around Alone race, and hating every minute of it.

"I just don't like the whole thing. Period," explained Garside, 54, before the second leg restart from Cape Town. The next stop is Auckland, 6,800 miles away. "It isn't what I thought it was going to be in any way at all. More stressful, more tiring, more scary."

This skipper is brutally honest. Like many middle-aged men, he nursed a private dream of recreating part of his youth. In the mid-1970s Garside sailed around the world with his wife and young family. He enjoyed every minute but now things are different.

"I had a different mindset 18 years ago. I was braver then," he mused over a farewell drink on the Cape Town waterfront. "I also had the company of my wife and children. At the end of 20 days on leg one, halfway, I was screaming to myself, 'When is it going to end?'"

The prospect of becoming an international sportsman in his mid-50s could hardly have looked likely as he lay in an army hospital bed 30 years ago.

Like many SAS officers he had served with four-man desert patrols during the secret war in Oman. In the final stages of the bloody Dhofar campaign, Garside was shot in the leg and badly wounded.

"It got full of camel shit or something and turned gangrenous," he recalled. "At one point the medics wanted to take the foot off but they helicoptered me off the mountain and back to the UK and I was lucky. In hospital I read Chay Blyth's book about how he started sailing, *Innocent Abroad*, and I thought that's it. I've got to do that."

Lack of money was the problem. An Omani sheikh offered Garside the chance to run a trucking operation through the newly "pacified" desert.

His job owed more to his fluent Arabic and strong survival instincts than a

knowledge of Middle Eastern transport policy but the venture prospered.

Saving \$50,000 in three years, Garside returned to England and bought a 38ft yacht that was to take him, his wife Diana and daughters Katie and Melanie around the world.

"It was a marvelous experience for them," he remembered. "Mel was doing four-hour night watches alone in the South Pacific at eight years old."

Once back in England, Garside and the family decided against going again. An unpromising job in magazine publishing, which was accepted simply to put food in the fridge, led to a venture that was to make him rich and leisureed and take him back to

**Like many middle-aged men, he wanted to recreate part of his youth**

the Southern Ocean.

"I took a job selling advertising space on a small magazine," he says.

"Very soon the company looked like going under so in order to keep a job I persuaded some ex-SAS friends with some cash to help me buy it. I suppose it was one of the first management buy-outs but I don't think we had heard of the term."

The plan was to build up a profitable, saleable business in 10 years. Garside's former comrades were bought out, having made themselves a fivefold profit. In the end it took 12 years but he still has a sizeable stake in the company and intends to remain a non-executive director.

"Single-handed racing has been my ambition since we came back from the family trip in 1982, but I am a very single-minded man and I was determined not to do it until I could commit myself to it totally." Last year he floated his UK magazine company, Marketlink Publishing, for \$2m and set about realising his racing dream.

His approach was in some ways realistic. In other ways not. Although the Around Alone race (formerly the BOC round the world race) has elements of amateur sport, Garside was astute enough to realise that the



full-time professionals such as Isabel Autissier and Mike Golding driving the big 80ft boats in Class One were a league beyond him in terms of experience and finance.

When he first contemplated the Around Alone he immediately ruled out a 80ft Class I boat. "Good ones cost millions and at my age I would be bound to fail if I started trying to mix it with the Formula One boy racers," he reflected.

"I decided to step down a notch to Class II with the middle-aged boy racers - and have the best boat in the fleet. What I absolutely didn't want to do was fiddle around at the back

of the fleet with some Corinthian effort, short of speed and money."

He opted for a purpose-built 50-footer, designed by the French Groupe Finot team that dominates short-handed ocean racing.

No expense was spared and "the silver bullet," as Magellan Alpha has been nicknamed, cost her owner about \$800,000.

It is certainly the quickest Class II boat in a mixed fleet but Garside is the first to admit he still lacks the skill (and sometimes drive) to get the most out of the yacht.

His struggle for Class II dominance against the much younger Franco-American

professional J.P. Mouligne is turning into a fascinating battle. Garside led for much of the first leg but then lost out to technical problems and fatigue in the final days approaching Cape Town. Now the battle is joined once again.

In his first despatch since putting back to sea, Garside filed: "This is very tough sailing and I am driving hard to try and make a gap between JPM and myself. By 0345 this morning I was 57 miles ahead."

"I must try and eat but it's so bloody uncomfortable and I seem to be so tired after the solid flog of getting the boat ready in Cape Town that all I want to do is sleep."

## Michael Thompson-Noel

## Hop, skip and a jump to Sydney

I confess that, initially, my mouth turned downwards in what might have been dubbed a sneer when I read what Marion Jones, the great American athlete, said the other day when, with moistened eyes, she mingled with young children in Soweto, the black township outside Johannesburg.

"I'm coming back home," Jones said, a little too patly and poetically for my austere taste. "Just walking on the soil and touching the little kids and just seeing the land."

She said her visit to Soweto was the emotional highlight of her first trip to Africa. "I want to [return] to Soweto and maybe some of the other townships and just be part of their lives. We trust so much, we do so many mistakes, we sometimes forget about what is really important."

Yet Jones, who is 23 - still far from her peak - is such a distinguished and exciting athlete that my mouth rapidly turned upwards again and my incipient sneer vanished.

This year, Jones announced she planned to win five gold medals at the 2000 Sydney Olympics. Fourteen years ago, America's superb Carl Lewis won four titles at the Los Angeles Olympics, at a time when top athletes were grappling with their sport's metamorphosis into a thoroughly professional business. Billionairess Jones hopes to go one better, emulating Lewis by winning gold in the 100 metres, 200m, long jump and 4 x 100m relay, but also claiming a medal in the 4 x 400m relay.

So distinguished is Jones that the athletics world governing body is prepared to reorder its schedule for next year's world championships in Seville, where she will try to win four gold medals - 100m, 200m, long jump and possibly the 400m relay. "It's still up in the air which relay I'm going to do," she says. "It would kind of be a nice change of pace if I could run that four-by-four."

She says she will limit her appearances next year as the Sydney Olympics approach. This year, however, she took on all comers in the US, Europe and Africa, losing only once: to Helke Drechsler in the Johannesburg World Cup long jump.

Jones believes the late Florence Griffith Joyner's world records in the 100m and 200m are within her grasp, though she refuses to set a timetable. "I think the world records are possible," she says, "but I'm not going to say they are going to happen this year, next year or whenever."

Her sprinting has several flaws, she says, while her jumping is still almost exclusively speed-based, which largely accounted for her defeat by Drechsler in Johannesburg, where the runway was rain-soaked.

However, as Carl Lewis, who was by no means universally popular, regularly demonstrated, mental strength can be as important to the greatest champions as more technical skill, which is

why Jones this year has vanquished a long line of opponents, and in all conditions. "I'm bubbling with excitement when I say I can't wait for the year 2000 to come around," she says.

As a shareholder in Tottenham Hotspur, the born-again English Premiership soccer club, I get cross at allegations that David Ginola, Spurs' mercurial and kooky French star, is a diver - someone who tumbles over in the hope of hoodwinking the referee he's been fouled.

Under the inspiring leadership of new manager George Graham, Ginola is flying at present. So skilful and speedy is the divine David that opponents such as Manchester United's clod-hopping Gary Neville, who was red-carded for hauling the French will-o'-the-wisp to the ground last weekend, are boiling over with frustration.

"Players try to go in hard on me all the time and I try every time to stay up and to deliver crosses and to do something good all the time," said the Spurs-blur after his team had drawn 2-2 with Man U, the team that media mogul Rupert Murdoch is trying to smother.

"If you look at the tapes I think that's very clear. Most of the players who come at me, when they can't get me the right way they get me the wrong way. That's my life."

He is almost a saint.

One of the strangest sports on view at the Asian Games was kabaddi, described by the games' organisers as being "over 4,000 years old, with the characteristics of wrestling and rugby, and invented by the Indians".

Teams of 10 players send raiders into each other's territories. Raiders score points for each opponent tagged, but must keep chanting "kabaddi, kabaddi, kabaddi..." in a single breath. If a raider is held down so long that he cannot return to his own territory in the space of that breath, he is out.

How on earth has kabaddi lasted 4,000 years?

No wonder General Augusto Pinochet is vexed at being detained (he expects comfort) in Britain while he fights attempts to extradite him to Spain, where he faces much unpleasantness: Chile's former dictator has been missing a stunningly exciting domestic soccer season.

Last Sunday, Colo Colo won the Chilean championship with a late goal in front of 60,000 home fans.

If Pinochet is still holed up in Britain by the time Colo Colo launch their title defence next season, I hope his right-wing friends in the Conservative party arrange for him to receive TV pictures from Santiago so he doesn't miss any more fun.

## Motoring

## An estate with a whole load of sportiness

Saab's variation on the 9-5 is no beast of burden, writes Stuart Marshall

After more than 20 years, Saab has added an estate car to its range of executive cars. The last one, the Saab 96, was a dual-purpose version of the 95 saloon in which Eric Carlsson made his name in world motor rallying. The new one is an elegant variant on the 9-5, a stylish, upmarket saloon selling in the same premium class as Audi, BMW and Mercedes-Benz.

The 9-5 estate is not a bulk carrier. Clearly, Saab has no wish to wean antique dealers away from their big Volvos. Rather, it is a comfortable and athletic saloon with additional carrying capacity but unchanged driving characteristics.

At first sight it might appear to be one of those cars that started life as a saloon and was turned into an estate by having a bustle tacked on behind, but Saab says this is not so. Although most of its components - except for the roof and rear passenger doors - come from the 9-5 saloon, it was

conceived and styled as an estate car from the outset.

The rather heavy-looking pillar behind the rear passenger doors is not, Saab says, an unavoidable carry-over from the saloon but a deliberate styling feature of the estate, intended to give the impression of a sporting kind of car, not a beast of burden.

Whether this works or not is a matter of opinion. I have no objection to estate cars looking as if they were meant to carry bulky loads but I am sure many potential owners think as Saab does. What, though, is beyond argument is that as estate cars go, the 9-5 is exceptionally user-friendly. Much thought has gone into making it as practical and as safe as possible when used as a load carrier.

Drawing on its aerospace experience, Saab - the name stands for Swedish Aeroplane Company - has designed the load space of its new estate to be as practical as the hold of a freight aircraft but as elegantly comfortable as



Saab's first estate car in more than 20 years: available in the UK from February

the interior of an executive jet. The load area is flexible - the rear seats can be folded or removed - and, as an option, the floor can be rolled out for almost half a metre. It is sturdy enough to stand the weight of well-built Swedes sitting on it while putting

**Saab has no wish to wean antique dealers away from their big Volvos**

on ski boots. For the first time in an estate car, the 9-5 has cargo tracks, like those used to secure aircraft seats, on the load floor. So, whatever you are carrying, be it scuba diving air tanks or paving slabs for a new terrace, they can be firmly and safely lashed down.

The tailgate opens high enough for people as tall as me not to bash their heads on the lock while loading. It opens and closes with little more than finger pressure and has lights powerful enough to illuminate the ground behind the car as well as the load space.

Roof rails on which to put things like windsurfers too large to go inside are standard equipment. Another useful item is a rigid, sectional load-space cover strong enough to take heavy coats. Options include a load-space divider, which would prevent a domestic crisis if you happened to be carrying a Labrador and a supermarket trolley full of groceries at the same time.

Apart from its extended carrying capacity, the 9-5 estate is a typical Saab. The driving environment is as good as you can get, with control layouts obviously designed by experienced, ergonomically minded drivers, not studio-bound stylists. There is room enough behind the wheel

for really tall drivers to be comfortable. The automatic transmissions of the two 9-5 estates I drove briefly in Spain complemented the 2.0-litre and 2.3-litre turbocharged petrol engines perfectly.

Suspension modifications have made the estate ride even better than the 9-5 saloon, which will benefit from them soon. Road, wind and mechanical noise levels are what one expects of senior executives' cars.

When the estate car comes to Britain in February there will be a choice of only the two turbocharged petrol engines, delivering 150 horsepower and 170 horsepower respectively. The turbo-boost is not so much for top-end performance as for the ample power at moderate revs. A turbocharged, 200-horsepower V6 will be added to the range shortly and, later, a direct-injection, common-rail turbo-diesel.

Prices will start at £22,795 for a manual 2.0-litre and go up to £27,795 for a 2.3-litre automatic.

## Don't bypass this safety initiative

Traffic-calming measures are one of the government's prime tools in improving road safety and reducing the adverse impact of traffic growth. They include "sleeping policemen", those heavy roadway humps, 20mph speed limits in especially sensitive urban areas, automatic cameras to catch speedsters and people who shoot red lights.

All this is very sensible, even if habitual rush-hour red-runners hate the sleeping policemen and the lawless seem to feel it is unfair for cameras to catch them speeding or putting lives at risk when crossing a junction on the red.

But one big factor in improving road safety and making driving less stressful gets far less official attention than it should - driver education. In London last week

at a lunch attended by Lord Whitty, minister for roads, Christopher Bullock, chief executive of the Institute of Advanced Motorists, said credit for the reduction in road deaths and serious injuries in recent years - and the British record is the best in Europe - was due to cars and roads having been made "inherently safer. It was not due to any real improvement in driving skill, attitude or

behaviour. No matter how many car safety features were added, how much traffic calming was imposed, and how heavily speed limits were enforced, there would always be scope for people to drive safely or dangerously.

An obvious truth? Of course. But little weight appears to be given to it by government. More than 90 per cent of all road accidents, Bullock pointed out, were caused by driver error. Nobody should be surprised that research had shown advanced drivers (people who had passed the IAM test and become members) were involved in fewer than half the number of accidents of average drivers. This would suggest that if everyone was an advanced driver or rider, more than 1,500 lives could be saved and 20,000 serious injuries prevented every year.

Fattening everyone through an advanced driving test as rigorous as the IAM's is not practical, given that 25m people have licences. But the IAM strongly advocates national adoption of driver improvement schemes for offenders. This, and other moves to re-educate as well as penalise offenders, should be a main plank of road safety strategy.

Stuart Marshall

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FOOD AND DRINK



# Wine From fizz to classic claret for festive feasts

Jancis Robinson picks out the best bottles from the high street

**T**he big strength of British retailers is in the cheapness of wine, and although many high street names are trying hard at least to look as though they are in the fine wine market, the glamorous bottles (usually at the same sort of prices as the independents) tend to be found only in the biggest, smartest stores.

After Oddbins Fine Wine Stores, Waitrose Inner Cellar collection is one of the most consistent attempts to move upmarket. Unwines is better than most of its peers at classic claret (though it generally has to be ordered).

Victoria Wine and Thresher are still in post-merger upheaval. A star (\*) denotes the real humdingers.

## Fizz

Green Point 1996 £11.49 widely available. Top-quality creamy stuff from Australia's cooler vineyards.

Waitrose Blanc de Noirs £11.99. Slightly rustic but extremely fruity and honest.

Tesco Millennium Champagne 1990 £19.99. Actually, I would suggest drinking this as soon as possible, but it is not overpriced.

Heidsieck Dry Monopole Diamant Bleu 1995 £19.99 Oddbins. Luxury cuvée in limbo seeks appreciative owner... Thanks to the Seagram connection, Oddbins has reduced this from the £34.99 it has been for the last three years. Fully mature, slightly loose-textured, horrid-looking bottle but surely the only 13-year-old champagne available at under £20.

## Whites

Ch de Nages Blanc 1997 £4.49 Oddbins. This Costières de Nîmes property has been sending great value red to Britain for some years but here is an exciting full, fragrant white made from Roussanne and Grenache Blanc which offers a hint of Viognier glamour but comes to a rather sudden stop on the palate.

Riesling Bollinger 1996 Haegein £4.99 Majestic. Shockingly underpriced. Delicate, lively with fine satin texture.

Wynna Coonawarra Riesling 1997 £4.99 Majestic, Sainsbury, Oddbins. At least Majestic are prepared to wave the flag for the great Riesling grape. Another bargain; racy, packed with lime and zip. Fleet of foot.

Chablis 1996 Dom de Bièville two bottles for £10 Victoria Wine and Firkin. Good value even at the single bottle price of £5.99. True flinty, refreshing Chablis. Stock up for the next two years.

Villa Maria Riesling 1997-98 Marlborough £5.49 Wine Rack. Exciting and intensely fruity.

Vergelegen Sauvignon Blanc 1998 £5.99 Sainsbury, £6.49 Oddbins. Limey, concentrated, zippy South African.

Pinot Blanc Reserve 1997 Schaezel £5.99 Oddbins. Another bumper offering from Alsace.

Dr L Riesling 1997 Loosen £5.49 Majestic, £5.99 Waitrose. Utterly correct expression of the Mosel valley's tingle factor. Pure refreshment, silky smooth.

great with charcuterie. \*Armand Riesling Kabinett 1997 Pfalz £6.49 Majestic. If only every producer's most basic wine were this good. Crystal clear fruit, plus Pfalz spice and nervy acidity. Great with or without food.

Warwick Estate Chardonnay 1997 Stellenbosch £6.99 Waitrose. A gentle, underpriced bargain from South Africa.

Pouilly Fumé, Cuvée Pierre. Louis 1996 £7.99 Sainsbury. Delicate, terroir expression from a great vintage for Sancerre and Pouilly Fumé.

Chapel Hill Verdelho 1997 McLaren Vale £7.49 Wine Rack, Bottoms Up. The great Verdelho grape has a long history here and this one is built to last.

Tim Adams Semillon 1996 £8.99 Thresher, Bottoms Up, Wine Rack, £9.49 Tesco. Pure gooseberry crumble. Big but tangy.

\*Dom Cuvillon Les Arleques 1997-98. Fullers. The sort of exciting, hand-crafted wine from the Languedoc not often seen in the chains. Full, fragrant blend of Viognier, Chardonnay, Petit Manseng et al.

\*Frost Gids Vieilles Vignes 1997. Mann £9.99 Oddbins. Here is a wine that could stand up to any sort of food. At first it seems sweetly beguiling in a soprano sort of way. Then the nerves of steel become apparent, and finally the persistence. Celis?

Nepenthes Lanswood Chardonnay 1997 £9.99 Oddbins. Fine Wine. Sophisticated, multi-layered Australian from the cool Adelaide Hills. Better value than the rather sweet Pinot Noir.

Chablis Fourchaume 1990 Cave de Chablis £5.49 a half Majestic. Quite a bargain for Chablis connoisseurs; a mature premier cru with real depth of flavour.

\*Chablis Premier Cru Grande Cuvée 1995 La Chablisienne £10.99 M&S. Bare to find such a serious, fully developed Chablis on a high street shelf.

\*Landmark Overlook Chardonnay 1998 Sonoma £12.99 Oddbins. Difficult to understand why this wine is not snapped up by the minute it reaches Oddbins' shelves from California. Perfect satiny-smooth texture and masses of concentration.

Meursault 1996 Bouchard Père et Fils £13.95 Waitrose. Lively, lemony, but very slightly astringent.

\*Condrieu La Petite Côte 1997 Cullerion £19.99 Oddbins. Perfect big, crowd-pleasing, smoky blast for current drinking. (The Chaillet Vignes at £21.99 is worth letting Vignes thrill next year.)

\*Chassagne Montrachet Embrazée 1996 Bernard Morey £23.99 Oddbins Fine Wine. Great excitement, density, tautness, kerpowl! The Baudouins at £21.99 is slightly looser and therefore readier, while the Morgot is so explosive it almost has a gunpowder quality.

Reds

Ermitage du Pic St Loup 1997 £3.99 Waitrose. Another bargain vintage, from higher vineyards in the Languedoc.

\*Dom Ferras Dão 1997 £4.79 Majestic. Stunningly successful modern wine. Unusually soft and fruity. Portuguese blend of Tou-



rige Nacional and Jean grapes by Jose Neiva.

Almost any southern French red at £4.99 from Fullers, especially Ch Grand Cassagne 1996 Costières de Nîmes, Morias 1996 Coteaux du Languedoc and La Gibeise, Chapoussier 1996 Cote du Ventoux.

Mas St Vincent 1997 Coteaux du Languedoc £4.99 Oddbins. Pick up Californian Randall Graham's Ptomaine de Biageurs bottles nearby to enjoy his surreal back labels but buy this bloody, interesting bargain and the wine below.

\*Ch de Vaugelas Cuvée Prestige 1996 Corbières £4.99 Oddbins. Ridiculously underpriced alcoholic damson juice produced in some of the Languedoc's more rugged terrain.

Ch Tour de l'Esperance 1997 Bordeaux £4.99 Tesco. Well-made young claret, full of Merlot fruit.

Valdivieso Merlot 1998 Lontzie £4.99 Sainsbury. Easy as pie. Cotes du Rhône 1995 Guigal £5.99 Majestic, Oddbins, Unwins. Not even the fussiest wine expert could object to being served this serious, dry, spicy blend from an obsessive winemaker.

Spice Route Andrew's Hope 1998 Malmesbury £5.99 Waitrose. Impressive zap of youthful fruit in this first offering from a high-profile, South African enterprise in a new area for vinous ambition. The four cooks involved in this broth are wine writer John Plattner, Gyles Webb of Thelema Estate, Jabulani Ntshangase - "South Africa's first Zulu vineyard owner" - and Charles Back of Fairview. Let us hope they do not swamp future vintages in oak.

Falasco Vitiano £5.99 Fullers. Riccardo Cotarella's appetising Umbrian at a full £1 less than Valvona & Crolla.

\*Palmeira Particular 1996 £5.99 Tesco. Warming, comforting mouthful. Lots of Portuguese Periquita (Castello Frances) fruit and tannin but not too much alcohol from a single vineyard

near Setúbal. No compromises to international tastes by Francisco Antunes of Caves Aliança but ready to go with hearty food.

Norton 1997 Malbec £8.99 and £9.99 for the Reserve at Oddbins. For proof of just how well-suited the Malbec vine is to Mendoza in Argentina it is enough to taste through the current Norton range of reds. The Malbecs offer pleasure throughout every mouthful, and the Reserve will be even better in six months.

Cosme Palacio Rioja 1996 £8.49 Safeway, Waitrose, Wine Cellar. Full, savoury, Franco-Spanish.

\*Mas des Costes 1995 Pic St Loup £5.49 Fullers. Bursting with personality; at its own spicy peak. See also both of Fullers' excellent Pic St Loup wines at £6.99 as well as two at £7.99, especially the beguiling Mas Brugère Grande Cuvée 1996.

Clos Malverne Pinotage 1997 £5.49 Fullers, Unwins, £5.99 Waitrose. Always a good bet; supple and oddly like milk chocolate.

Plan Pégan NV £5.79 Majestic. Wonderfully artisanal table wine from a top Châteaufort-du-Pape producer.

Carmen Reserve Syrah 1997 Malpo £5.99 Oddbins. Another big, sweet, blockbusting first vintage of the great Rhône grape planted in pastures new. Errazuriz blazed this trail in Chile (see below) and Fickman's 1997 Argentine example is also good value at £4.49 from Oddbins.

Chiantio Classico 1996 Rocca di Castagnoli £5.99 Waitrose. This constitutes a bargain nowadays. Appetising and broachable.

\*Hautes Côtes de Nuits 1997 Dom Bertagna £5.99 Sainsbury. Sappy, relatively seductive young burgundy for those who have left it too late to buy from mail order specialists.

\*Crozes-Hermitage 1997 Domaine Barret £5.99 Safeway. Divinely constructed northern Rhône bargain from Pochon, for drinking over the next three years.

Ch Carsin 1996 Premières Côtes de Bordeaux £5.99 Sainsbury. Full blooded, snappy claret for drinking over the next two or three years.

Artadi Viñas de Gaiñ Rioja Crianza 1995 £7.49 Majestic. An astute purchase from one of Rioja's most conscientious producers. All Alavese Tempranillo with focus, delicacy and a future.

St Hallet Cabernet Merlot 1996 £7.99 Tesco. Very attractive, melded flavours in a thick, classic blend.

Ch des Combes Canon 1996 Canon Fronsac £7.99 Waitrose. Suave, beautifully balanced, grown-up claret.

Ch Maison Neuve 1996 Montagne St Emilion £7.99 Safeway. Plummy, aromatic and already a pleasure to drink.

Petzer Bonterra Zinfandel 1996 Mendocino £7.99 Oddbins. Bargain combination of organically grown northern California grapes with clever winemaking.

Peter Lehmann Cabernet Sauvignon 1996 Barossa £7.99 Safeway. This represents fine value from today's Australia: deep-throated emissary from one of its warmer regions.

Domino de Valdepeña Syrah 1996 Marqués de Grifón £5.49 Majestic. Full and richly ripe tobacco flavours. Packed with pleasure, if not that much Syrah character.

Tatavilla Cabernet Sauvignon 1996 McLaren Vale £8.49 Waitrose. Beautifully made, gentle, correct wine bursting with fruit.

Grant Burge Old Vine Shiraz 1996 Barossa £8.99 Fullers £9.99 Unwins. As subtle as a tabloid but much more palatable.

Dom Cuvillon Les Pomardes Pinot Noir 1997 £8.99 Oddbins. Youthful but a seriously artistic, quite delicate wine from terraces in the Languedoc.

\*Casa Lapostolle Cuvée Alexandre Merlot 1996 Rapel £8.99 Fullers, £9.49 Safeway. Simply gorgeous, literally.

Chapel Hill Shiraz 1996 McLaren Vale £8.99 Tesco, £9.99 Thresher, Bottoms Up. Spicy top

notes on layered prune-like fruit. Ch d'Arcins 1996 Haut-Médoc £9.50 Nicolas. Deep, concentrated, vigorously beefy claret for drinking over the next three years.

Barolo 1994 Gomba £9.95 Waitrose. Far from a great Barolo but ready to drink and keenly priced for the serious scent of violets and tar that is Piedmont.

Errazuriz Syrah Reserve 1997 Aconcagua £9.99 Fullers, Oddbins, Safeway, Tesco, Unwins. Deeply flattering with hints of both black pepper and white chocolate. The 1996 vintage is looking a little flabby though.

Bouchard Finlayson Galpin Peak Pinot Noir 1996 £9.99 Fullers. Very correct. Burgundian style from cool South African vineyards that would be delicious with turkey, as would: Sainsbury Garnet Pinot Noir 1996 Carneros £9.99 Majestic, Fullers. Delicious combination of elegance and fruit from California.

\*Abadia Retuerta 1996 Sardon del Duero £10.99 Fullers. Dramatically silky wine from a hot new property just outside the Ribera del Duero zone.

Hillstowe Mary's Fundred Shiraz 1996 McLaren Vale £11.99 Oddbins. Exciting, savoury, superior, concentrated.

Ch Haut Bergey 1995 Pessac Léognan £12.95 Sainsbury. Crisp, classic, refreshing claret from a most appetising vintage/appellation combination.

Mercurey Champs Martin 1996 Lorenzon £12.99 Oddbins Fine Wine. Lorenzon is associated with a coopers and it tastes like it, but in this case the results are already dramatically appealing. A spicy, oaky bargain, for modernists only.

\*d'Arenberg Dead Arm Shiraz 1996 McLaren Vale £14.99 Oddbins. Deeply impressive - and I mean deep. Spicy, rich, unimpaired - but available in very limited quantities, alas.

Mount Langi Ghiran Shiraz 1996 £14.99 Fullers. One of Australia's most dynamic and refined.

\*Ch Mayne-René 1996 Pomerol £14.99 Oddbins. Full, flirtatious, almost glutinous, definitely for glutinous hedonists. Drink now to 2002.

\*Unison 1996 Hawkes Bay £15.95 Waitrose. Smart selection of one of New Zealand's top red wines: a subtle, age-worthy blend of Merlot, Cabernet and Syrah. Very convincing; great balance.

Les Terrasses 1996 £17.99 top Tesco. Another clever supermarket purchase. In this case an unknown lesser wine made by Alvaro Palacios, the man who charges such a fortune for his top wines from Priorat in north-east Spain. Mas Igneus 1997 at £6.65 from Vintage Roots (0118-9761989) is better value though.

\*Wing Canyon Cabernet Sauvignon 1994 Mount Veeder £18.99 Oddbins Fine Wine. Fine, hand-crafted California hillside claret which deserves cellaring for up to five years but is a relative bargain.

\*Nuits St Georges Murgers Premier Cru 1995 Bertagna £26.99 Oddbins Fine Wine. Perfectly well-mannered wine offering the sort of elegance and fruit of which only Burgundy is capable. This will do the trick splendidly with this year's turkey and all the trimmings.

Petit Cheval 1995 £29.75 larger Waitrose, £29.48 Lay & Wheeler of Colchester. A great last-minute treat: the second wine of St Emilion first growth Ch Cheval Blanc from one of the ripest recent vintages. Buy now for drinking over the next six years. Obviously superior but without the offputting charge of tannins that usually goes with this price tag and youth.

Sweet wines

\*Coteaux du Layon Chaume 1996 Dom des Forges £8.99 Fullers. Talented Claude Brachereau's rigorous selection and old vines shows in this distinctly superior bottling. Lay it up post-prandially.

\*Vouvray Cuvée Alexandre 1996 Fouquet £12.99 Oddbins. Lovely combo of apple skins and richness. For any time over the next five to 10 years.

Mas Christine Muscat de Rivesaltes 1992 Ch de Jan £12.99 Oddbins Fine Wine. Nerry (which is not an adjective often applied to anything from Rivesaltes), oaked wine with great character.

Ch Rayna Vignoles 1996 Sauternes £9.99 a half Majestic. Open, apricot-flavoured classic, already fun to drink.

Maculan Torcolato 1996 £18.99 Oddbins. Impeccable orange peel tang and richness from Italy's sweet wine maestro.

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\*Ch de la Genaiserie, Chaume les Tetières 1996 Coteaux du Layon Sot £14.49 Oddbins. Thrilling, youthful, worth snapping up now for there may not be such a good vintage for years.

\*Condrieu Les Egus Ven-danges Tardives 1996 Cuilleron Sot £24.99 Oddbins Fine Wine, £46.50 La Reserve. Worth tracking down one of the relatively few bottles made of this marvel, though it is not that sweet - just fascinating.

## Fortified wines

Lustau sherries £4.79 Majestic. Buy two bottles, save one - although they are underpriced to start with.

Sainsbury's Old Oloroso £3.49 a half Sainsbury. Very old indeed with pronounced rancio (an extended sentence in oak casks) character. Bone dry and on its last legs but bargains as old as this are rare.

Graham's Six Grapes £11.99 Tesco, Wine Rack. Sturdy, plummy, uncomplicated but extremely deep flavoured. Huntin' port, don't y'know.

Stanton & Killeen Liqueur Muscat £5.99 a half Fullers. Seek out any of these sticky, ancient Australian marvels.

Nyx Mavrodaphne of Patras £6.99 a half Oddbins. Deep ruby with tawny rim. Rancio nose bordering on cheesy but a fascinating, complex Greek dessert wine that is the product of very ripe grapes, extended wood ageing but is not remotely sickly. Stood up well when retasted after vintage port.

Warre's Late Bottled Vintage 1994 £14.45 Waitrose. Needs decanting. Full, deep flavoured with considerable backbone still.

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If you still haven't made up your mind where to spend Christmas, the truly glamorous Les Ambassadeurs restaurant in the Hotel de Crillon in Paris is a tempting prospect for Christmas lunch or Christmas Eve dinner at FF£1,000 (£107). Room rates start from FF£3,150 for one night in a double superior room and FF£4,800 for a suite. Expect to pay more for new year. For details tel:

+33 (0) 1 44 71 15 00 or  
access Concorde Hotels  
internet site: <http://www.concorde-hotels.com>

■ Huseyin Ozar, owner of the 13-strong Sofra chain of restaurants, bistros and cafes in London, seems to have little doubt that an economic downturn is on

the way. He is offering two "pre-recession" menus - a two-course lunch for £5 and a two-course dinner for £6.50. If you are doing some last-minute Christmas shopping in the capital, these restaurants offer value and convenience - and plenty of choice for vegies, too. The largest Sofra

restaurant, with 200 seats, is 96 Tavistock Street, Covent Garden.  
■ For something, no-effort, after-Christmas snappers. The Clark Trading Company is offering some of the nicest bottled soups that I have tasted. They come from Chef Ledouit, a company

based near Nantes, in north-west France, are traditionally made and to a good standard. The John Dory soup with leek was delicious, but at £6.50 per 50cl jar (fills with 120cl of water) it is not cheap. For more details and mail order: The Clark Trading Co, 17 Southbrook Road, Lee, London SE13 8JH. Tel: 0181-297 9937, fax 9993.

Jill James

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## FOOD AND DRINK



Cookery / Philippa Davenport

## Chestnuts with such a sweet foreign accent

When is a chestnut not a chestnut? Every British schoolboy knows the difference between a horse chestnut and a chestnut horse.

Most are able to distinguish between horse chestnuts (or conkers) and sweet (or Spanish) chestnuts.

But who can tell a chestnut from a marron?

Although difficult to judge at first glance when the nuts are in the shell, after processing it is easy.

There is no mistaking marrons glacés. They are the sugary fat cats of the chestnut world, usually hand-wrapped in gold or silver foil and seen only at Christmas, luxury sweetmeats costing £1 or more per bite, made for indulgent pleasure not nourishment.

The European chestnut (*Castanea sativa*) is a feline tribe with more than 700 members, most of which are common chestnuts. A select few make up the marron branch of the family.

Marrons are hybrids, developed by careful cross-breeding from the original wild chestnut to produce nuts that are reliably larger than average, neat and easy to peel, and consistent in texture. Whether their flavour is superior or inferior is hotly disputed. I suggest it depends on variety.

Chestnuts often ripen in companionable clusters of two or three fruit per husk. Marrons are not necessarily born as singletons, but if several are cradled within the same husk, one, like a cuckoo in the nest, tends to hog all the nutrients so its siblings are doomed to be runts.

Pumpkin perfect statistics are part of the marron's attraction but the biggest are not necessarily best. Texture and lack of skin in the finished product are crucial. True quality can be judged by the interior of the raw nut when cut in half horizontally.

Less good are those spoiled by little cracks and crevices. Deeply creviced nuts do not deserve marron classification and are well-nigh impossible to peel completely without breaking up. Texture must be sufficiently firm to stand up to long hours of processing, and receptive to exchanging water content for sugar syrup.

The French admit that the Italians grow the best marrons. France imports marrons from Italy, ready-peeled and frozen, which shocked me - and they are last year's nuts, which shocked me even more. So much for the idea that marrons glacés are the new season's speciality sweetmeats prepared from scratch by French confectioners.

Turin marrons (the Italians call them *marrone Piemonte*) are the *ne plus ultra*, acknowledges Jean-Luc Faure of Générale Alimentaire du Périgord. They command a 15 per cent premium over the larger but less well flavoured Naples marron, which is quicker to cook, easier to work and now used to make 80 per cent of French produced marrons glacés. My inquiry about Italian prowess in glacage met scathing Gallic comment: "They have no good producers, no expertise or patience." But Faure seemed reluctant to reveal how things should be done properly. The word "secret" crossed his lips more often than any other.

I gleaned only that the defrosted nuts are wrapped in four or five in heavily perforated cigarette papers, laid in trays, lowered into a boiler for cooking, then soaked in syrup until they are done, cooled, divested of cigarette paper, placed on drip trays and belted along a conveyor, under a drizzle of glaze and into drying ovens for their final coating. Losses through breakages are estimated at 10 per cent.

At one end of the workshop, a small group of women, as silent as Cistercians, worked in slow motion, manually pleat-wrapping the finished product and placing the gilded parcels in boxes.

I tasted Naples and Turin marrons glacés fresh from the production line, crushing them against the roof of my mouth to detect the differences. The Turin

had fractionally more rounded nutty flavour. Its texture was firmer yet smoother, somehow finer and silkier than the Naples. But both were excellent, neither too heavy nor too sweet, having imbibed nicely but not been sated with syrup.

Next stop Piedmont, to see, hear and taste the Italian side of the story. Cesare Bardini of Agrimontana, well known confectioners in the valley of Cuneo, told me that both Genoa and Savona lay claim to being the home of the marron glacé. The recipe is said to have been carried off by French occupiers at the end of the 18th century, renamed and subsumed by the French as their own.

The French imprint lingers. Italians more often say marrons glacés than *marroni canditi*, and puddings which might reasonably be called Torino and Montebianco are known as Turinois and Mont Blanc. Bardini is a great marron enthusiast and seemed to relish my barrage of questions.

He did not shrink from discussing temperatures, timings and syrup densities. Nor object to a request to sample nuts at the cooking stage when I was drawn by the rich meaty chestnut scent rising from a steaming vat. A fat net of some 40 nuts is fished out and opened up. The taste is as good as the smell, the texture is velvety. But almost immediately the nuts began to disintegrate, illustrating dramatically Bardini's warning about thermal shock.

Success, he had told me earlier, doesn't pay to cook French these days. "Modern British" or "fusion" are far more rewarding. So it was with some surprise that I noted the opening of a restaurant in London's Pimlico with a French name - Roussillon - and with a French - albeit partly Californian-trained - chef Alexis Gauthier, too.

The name would appear to be entirely fortuitous. I tried in vain to discover why it was chosen. Roussillon is almost alone among the regions of France in having no pretensions to great cooking.

There was certainly no reminder of the Pyrenees to be found in the decoration. Instead of that little sun-trap squashed between the mountains and the sea, "Roussillon" looked like one of those posh restaurants you saw during the vogue for American soap operas in the mid-

1980s. The outside was neo-Georgian, while the inside was almost clinically unexciting.

There was no place there for the mass execution of thousands of tiny snails, or the simple grilling of coils of hearty sausage or fresh fish over vine prunings; or indeed of any of the other staples of the Catalan *grillade*. Not a whiff of a bean or chickpea stew either. Everything said "amst", which is what Roussillon is categorically not.

Still, things began to look better almost as soon as I had pushed my legs under the table. Some funny little strips of carrot arrived with a mustard sauce, and better

depends on very gradual temperature changes, and the slow replacement of cooking liquid with syrup, the density of which is increased gently over five days.

He explained the practical reasons why one season's nuts are generally not sold as marrons glacés until the following autumn. The selling season is short enough as it is (beginning in mid-October and ending on Christmas Eve).

If marketing is delayed until the new season nuts have been harvested, cured, roasted, cooked, candied, packaged and delivered to the shops, there would be barely any sales season left.

Of course, you can buy marrons glacés that are harvested and processed the same year. *Pasticceria* and *café* owners who make their own, bypass the lengthy curing and resting processes of commercial practice to have the first of the new season's nuts ready for sale in November.

The home-made product tends to be different from what I call classic marrons glacés. This may be due in part to the fact that the curing process starts fermentation and allows the starch structure of the nuts, so permitting better sugar penetration with less risk of disintegration, while resting in caves for an average four weeks facilitates efficient steam-peeling.

Fellow food writer Corby Kummer, of *The Atlantic Monthly*, scoured Turin to find the best home-made in that city using this season's nuts, and we compared his selection with the commercial offerings of Agrimontana and those I had brought from France. Two other distinguished American colleagues, Carol Field and Fred Plotkin, joined us and Anna Del Conte completed the august company.

The visual, textural and flavour differences of the marrons we assembled were astounding. All tastes can be accommodated, it seems. Of the local home-made marrons glacés, most of us particularly favoured samples from Pasticceria Bar Zucchi di Brusio in Turin's via Roma.

Neatly shaped with a thin gleaming coat and beautiful consistency within, it was lightly cooked and lightly infused with syrup so it retained a distinctly nutty character and bits with an overlay of honeyed sweetness. Some *café* offerings were, however, as cloying and heavy with sugar as the Italian commercial offerings (though less *soigné*), just too pudgy solid for my taste.

As substantial as a full-course sugary meal in their own right, they might prove ideal emergency rations for explorers, but hardly a frivolous sweetmeat. The commercial offerings tended to be richer than home-made, the best managing to balance nut and sweetener well, to provide a real treat without going over the top.

The art of glacage, we concluded, lies in dosing marrons with enough sugar syrup to preserve them but not so much that chestnut flavour is killed. And on this score France was unanimously declared the winner.



Chestnuts: True quality can be judged by the interior of the raw nut when cut in half horizontally

Jason Hunt/Courtesy

### CHOCOLATE TURINOIS

(serves 6-12)

I used to make a very chestnutty Turinois, but this version has won far more devotion, and is one of the quickest party pots the cook could hope for. It is, however, exceedingly rich. Pounded pearl, a composite of chestnuts or apricots makes a sensible, fruity counterbalance.

Place 250g best bitter chocolate and melt it in a bowl placed over barely simmering water. Cream 250g best unsalted butter and 150g caster or vanilla sugar until pale and fluffy. Add 250g unsweetened chestnut purée and 1-2 tablespoons brandy, Kirsch, rum, strong coffee or syrup from a jar of stem ginger.

Continue beating until well mixed, then stir in the cooling melted chocolate. Rinse a 750ml lost tin with cold water and line the base and short sides with a single long strip of damp greaseproof paper. Spoon the Turinois into the tin, tapping the tin on the work surface to tamp down the contents. Level the top with a pointed palette knife, cover with damp greaseproof paper and chill for 6-8 hours until set solid.

Bring back to cool room temperature an hour or two before serving and run a hot knife round the inside edge of the tin to loosen the Turinois. Turn it out. Beat 3-4 tablespoons chilled yoghurt into 200ml crème fraîche. Pour the smooth runny mixture over the pudding, letting it dribble down the sides, and dust with cocoa powder or decorate with marrons glacés just before bringing it to table.

My friend had fish. It was advertised as roast monkfish, bound up with bacon with whole garlic cloves, a salsify *gratin* with a beef reduction.

In its white, sausage-like form, it reminded her of a maggot, which in no way put her off - but for some reason the garlic failed to materialise, and the maggot arrived in the company of just three salsify truncheons, not a clove of garlic in sight.

### SHOPPING ADVICE

■ Mortimer & Berneck of Chislewick, London W4, imports excellent French marrons glacés produced in Clamont Ferrand using this season's nuts from southern Tuscany. It is too late for Christmas mail order but personal shoppers may still find them in stock. Call to check availability: 0181-995 4146.

■ Marrons glacés do not keep well, even when lovingly foil-wrapped. The crust hardens and the flesh can dry out. Always check the sell-by date carefully and never buy marrons glacés that were glacés in the previous calendar year - unless they are sealed in see-through atmospherically-controlled packaging, a process pioneered for chestnuts by Ennio Bardini of Agrimontana, which successfully keeps marrons glacés perfectly fresh for up to a year.

■ If you want to try your own hand at home-made marrons glacés, a reliable recipe, producing results similar to those particularly enjoyed at the Turin testing, is to be found in Fred Plotkin's *Foodies from Paradise* (Little, Brown, £20), a loving feast of a book about Liguria, its people and their food. It is obtainable via Books for Cooks in London (tel: 0171-221 1992, fax 1517) and the Cook's Bookshop in Edinburgh (tel: 0131 225 4445 fax 4449).

■ A useful store-cupboard alternative to marrons glacés is a tin of jar of marrons preserved in syrup, which keep without spoiling for several years. Use the marrons as they are, or give them a glacé finish by following the instructions given in Fred Plotkin's recipe.

### Eating out / Giles MacDonogh

## Pimlico's passport to France

1990s. The outside was neo-Georgian, while the inside was almost clinically unexciting.

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Still, things began to look better almost as soon as I had pushed my legs under the table. Some funny little strips of carrot arrived with a mustard sauce, and better

still, a glass of champagne. My German guest came a few minutes later.

Jerusalem artichoke soup came in a tiny ladle, as a present from the kitchen and perhaps a reminder of the fact that one of the owners, Andrew Palmer, founded the Covent Garden Soup Company - the producers of those microwavable office standbys. Fortunately, it was a lot nicer than that stodgy, floury stuff in the milk cartons.

I breathed a huge sigh of relief at an excellently liquid risotto with lots of fresh caps. Frenchmen often make risottos too dry. Gauthier does not commit this error. My friend had a lot of

braised vegetables: artichokes, carrots and leeks - a reference, perhaps, to the time Gauthier spent at Chez Penelope in Berkeley. Truffles were supposed to add an extra allure to this dish, but as I have said before (and will repeat until I am hoarse), truffles need to be fresh to taste, and these were not.

My friend had fish. It was advertised as roast monkfish, bound up with bacon with whole garlic cloves, a salsify *gratin* with a beef reduction.

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I was luckier in that my meal came complete: milk-fed veal cooked on the bone (the rib was produced in evidence) with roast pumpkin and celeriac and a hint of Sarawak pepper.

pears were little, scooped-out balls on a tiny square of pastry which looked like crispbread.

Slices of oven-dried fruit were arranged like a pallade to hold in the cannon balls.

I had a delicious, eggy, blackberry clafoutis with a tiny mould of *panna cotta*. We drank a Rivesaltes tulle from the brothers Cazas, the only Roussillon wine on the list, but I gather this is to be corrected soon.

Indeed, the only place where Gauthier attempted such a thing was in his *fote gras* with muscat grapes and caramelised plums.

My German friend did not share my happiness. She went off into the night cursing perfidious Gaul, mourning her missing garlic.

■ Roussillon, 16 St Barnabas Street, London SW1; tel 0171-790 5550. A la carte £23 before wine or service. Menu £24 (vegetarian). £35 for five courses.

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## PROPERTY

# Struggling farmers give little away

Sally Smith says there are few farm bargains to be found in spite of agriculture's problems

Nunn House and its 89-acre farm lie on the edge of the North York Moors National Park. The stone house, a mile and a half from the A19 trunk road, faces south and its undulating pasture is interspersed with woodland and stream-fed ponds.

At the other end of the country near Okehampton, Luckcroft, a 172-acre stock farm has woods, stream, wooded hedges and "improved" grassland - old pasture which has been little fertilised. 25 acres are registered as Site of Special Scientific Interest (SSSI).

In the past, both farms would have provided a good living for a farming family. Today, and especially in the present economic climate, they are no longer viable as agricultural businesses.

But that still doesn't mean they come cheap. The guide price for Luckcroft was £250,000, but when Kivells of Tavistock took it to auction this autumn two non-farming buyers bid it up to £385,000.

Robin Jessop of the Northallerton Estate Agency launched the sale of Nunn House in early October, valuing the main portion - house, buildings and 85 acres - between £250,000 and £475,000. Before the month was out he had it sold, subject to contract, to a Midlands businessman who also bought just under six acres of mature, mixed deciduous woodland.

Such buyers help to confound the market for farming property. With every farming sector suffering reduced incomes and, in many cases - especially pigs and sheep - disastrous losses, one might expect much of the British countryside to be up for sale. But it isn't, and rural agents still complain that they haven't enough land and farms to sell.

Although overall farm values have dropped generally by up to 30 per cent since January, the fall has been from a very high base so that, unless they purchased at the top of the market in the summer, few owners are yet faced with negative equity.

Nick Dawes from Brown and Go at Grantham, explains: "In the eastern region, we are selling bare land - blocks without house or buildings - at between £2,000 and £2,200 an acre. In 1990-91, when the market was last at its depths, we were down to £1,200 an acre. We are nowhere near that yet."

Along with their complaints about the shortage of

instructions, agents are reporting continuing steady sales and most have had some exceptional successes. Several factors account for this:

□ Some residential purchasers are buying whole farms to acquire the house and its land as a buffer of privacy.

□ Farmers are still buying - throughout the year there have been purchases at well over the £1m mark. Some are using the proceeds from selling land for development to "roll-over" into more farmland, which allows them to defer capital gains tax. Others have used their very considerable incomes from the past three years to get their businesses in order and to build up a war chest for further land acquisition.

□ The "neighbour factor": when farming property comes on to the market it

finding someone to farm some of his acres. Jessop says the arable element should let annually for about £100 to £115 an acre and, if it will grow potatoes, for between £150 and £200. The pasture will let for about £100.

Across the UK farms are being divided up to make the house available to non-farming purchasers who have the option to take as much or as little land as they wish. But don't expect to find many bargains yet.

Judging from the worst-hit agricultural sectors, the best deals might be found in the hill and stock areas - but these are also some of the loveliest places in which to live and so attract competition. In any case, far fewer of these farms are on the market than might be expected, as owners have fought to baton down the hatch.

Prices reflect location and outlook - in the south, the more private the better; in Northumberland, the more remote, the lower the price.

If he could get one to sell, Hugh Fell of George F. White at Alnwick would price a five- to six-bedroom period farmhouse with about 10 acres, half an hour from Newcastle, at £200,000. Make that an hour and you would be down to between £200,000 and £250,000.

Modern houses cost a lot less - but beware planning consents which restrict them to agricultural occupancy. Had Fell's example been built in the 1950s or 1960s, prices would fall respectively by up to £150,000.

Of 500 is selling a 40-acre farm near Deventry in Northamptonshire. It has two houses on opposite hill-sides. One is late Victorian brick with a typical period range of buildings with six acres, which he is pricing at £250,000; the other, a four-bedroom period stone house, with two acres at £400,000. Were they modern, he might be reducing them by 30 and 15 per cent.

Then there are pig farms. Not only has this sector been severely hit but owners face upgrading their buildings to meet new welfare standards being introduced in January. In better times, these farms would be bought by larger producers. But today there is understandable caution. And most pig farms have modern houses - houses, which are less sought after by non-farming buyers.

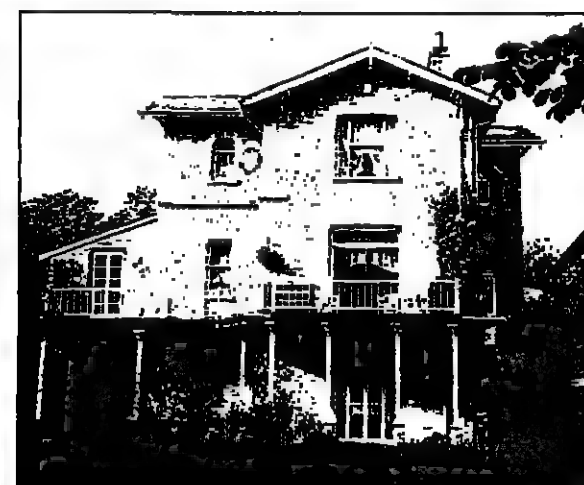
Buyers can, of course, gamble by waiting until next spring. There are some who think that by then far more farmers will have decided to give up the unequal battle, releasing a glut of farms for sale, with lower prices all round.



The old rectory at Weston: £325,000, but it needs some work



Chapel at Trear Coombe: with internal swimming pool



Chineseide in the Old Village at Shanklin: a striking residence

On the Move / Gerald Cadogan

## Nasty shock for leaseholders

A tax rise from the Inland Revenue, hidden in a recent issue of the Tax Bulletin, will be a nasty small shock, and sometimes not so small, for leaseholders living in flats.

From April 1999 the interest freeholders receive on the money paid to them by leaseholders for service charges and contributions to sinking funds for periodic maintenance and major works will be taxed, says the Revenue, "at the rate applicable to trusts" - which is 34 per cent - rather than the freeholder's income tax rate (basic rate, 23 per cent).

The impact on the majority of leaseholders is clear. The freeholder, even when that is a body of leaseholders (if there has been a collective enfranchisement of the block), will have to increase the leaseholders' charges to compensate for the loss of interest. The individual flat tenants will either have to pay more for the same level of maintenance, or pay the same for less.

### Old rectories

Rectories are often distinctive houses offering plenty of space, including the extra reception room that was once the rector's study, but are manageable without live-in help. And they are usually in the middle of a village. Buyers snap them up.

At Weston, near Beccles in Suffolk, the old rectory is an 1861 building of brick and

flint, with seven bedrooms and 1.75 acres and its own gate to the churchyard. The price from Strutt & Parker in Norwich (01603-617431) is £325,000. The house needs some work.

The rectory at East Chinnock near Yeovil in Somerset is an 18th century vernacular building. While the garden and bedrooms are much the same as at Weston, this rectory boasts a heated swimming pool. Recently refurbished, its price from Rumberts in Sherborne (01538-612333) is £440,000.

### Chapel-goers

The decline in chapel-going in Cornwall has allowed some good buildings to be offered as houses. They are not as large as rectories but, even after conversion, they keep a sense of being buildings with authority. And the prices are heavenly.

Andrew Jeffery in Bodmin (01906-73298) offers three 19th century Gothic chapels, which have all undergone conversion. The Old Ebenezer Chapel at Swithnouse near Lostwithial costs just £298,000, a chapel at Crows-

an-Wra between Penzance and Lands End £185,000, and one at Retire (a hamlet on the Old Saints Way footpath crossing Cornwall from Fowey to Padstow) £189,000.

The agent also lists a Georgian box-type chapel at Trear Coombe near Liskeard, now with an internal heated swimming pool for £149,950.

At Dunmer near Basing-

stoke, Hampshire, Marshall Bendall with Keats of Alresford (01963-734653) is selling a small brick chapel of 1882 (now an art gallery) and the adjacent Chapel House with

### Isle of Wight

Chineseide in the Old Village at Shanklin on the Isle of Wight is a striking Victorian gentleman's residence, or holiday home. The Chinese stream runs through the garden, which also has a spring and a pond, and ruined walls that are probably the remains of a 17th century chapel.

Agent Wright in Shanklin (01983-566822) asks for £265,000.

## Holy war to wipe out rats

Patti Waldmeir on how to deal with rodents in the house

Like most people, I have a morning routine. I get up, open the blinds, pop a pill, plump the duvet and flick the switch on my kettle. The next bit is carefully timed: grab the barbeque tongs and into the garden to clear the rodent carcasses that may have accumulated overnight.

The entire process, from bangs to burial, takes exactly as long as boiling a kettle with our feeble American current.

Such is the life of urban ritual which I have chosen, and I don't regret a metropolitan moment of it. Rodents are central to that ritual: indeed, as a minority white in this off-black city, Washington DC, I could not have made it without them.

It's not just that dead pre-breakfast rodents give me street cred; they are a priceless pass key to the majority black community around me. For there is nothing like a spot of rat rage to unite a divided city. Rodents have done what 30 years of civil rights struggle has failed to achieve: they have transcended the race divide, inspiring a battlefield camaraderie which has been the best thing for race relations since the second world war.

But when I first discovered my rodent problem - and I use the word "problem" advisedly, to distinguish between simple infestation (the status quo) and full-blown invasion (I had a rat in the oven, one in the fridge, two in the basement toilet, and several more behind the walls chewing on the wiring) - I did not know that rats were non-racial.

### The vector warriors became part of my morning tea routine

So little of municipal life is these days. A constant current of hostility crackles at the interface between white residents and black city officials over such municipal annoyances as driving licences, parking permits and car registrations.

I had dealt with enough bureaucratic petty despotism at the Department of Motor Vehicles to dread a racial skirmish with the Rat Squad.

But in fact, the people from "vector control" could not have been more sympathetic. It soon became clear

that, like me, they considered a rat-free existence to be the lowest common denominator of civilised life.

Soon, the vector warriors became part of my morning tea routine. They would turn up first thing, peer myopically down the odd rat burrow, throw a sachet of poison down the hole (last week I was given a few extra sachets "for the holidays"), and then settle down for a good natter about bait recipes and trap design.

Some were better than others; I tried them all. Glue traps were far too feeble for my visitors. Spring traps baited with chocolate also failed (my rodents turned up their noses at Cadbury, and I drew the line at GoTiva).

The rat squad's worst suggestion was a puerile substance known as "Goober Grape", a quintessentially American concoction of peanut butter and jelly alternately layered in a glass jar (my rats didn't seem to like the stripes).

Finally, we found the perfect recipe. The ingredients: a few old wine glasses, preferably chipped; steel wool, extra rough weave; quick drying cement; a hammer and trowel. Stuff alternate layers of broken glass and steel wool down any interior rat hole. Seal with cement.

Eventually, we even dis-

covered the source of the problem: a neighbour with the sanitary habits of a cave dweller, chucking bones straight into the back garden. (I bought him a trash bin and encouraged him to use it.)

The battle with the neighbouring (white) cave man continues, but at least I know the (black) city is on my side. And I haven't had a rat inside the house since October - though I recently stumbled over one drinking from my ornamental pond, and tried to pretend I hadn't seen one trip over the bare feet of a man dining at our local open-air restaurant.

For the past several weeks, the unseasonal heat has interfered with my morning rat routine. No self-respecting rodent will come inside to nest until it's too cold to do so outside. So they don't eat my poison, they don't die, and I don't have to pick them up before breakfast.

But I have faith in my rodents and my city. The rats will soon be back and my routine will resume its pleasing predictability. And my fellow citizens will be out - residents and bureaucrats, houseproud and homeless, black and white - united for once in a holy war against our urban demons.

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## TRAVEL

## City Break / Moscow

## It might be urban, but it's not yet urbane

Paul Gould wonders if he will ever come to terms with the Russian capital's contradictions

**A**bracing night-time stroll along Tverskaya, Moscow's answer to Oxford Street, is almost enough to convince me that Russia's westernisation is a *fait accompli*. There are neon lights, advertising shops, Mercedes and BMWs. The normality of any talk of a country in crisis. It defies the sense of fear that Moscow holds for visitors. Indeed, for a moment it seems the place offers little that is challenging or different.

Then I see the *babushkas* with their goat. The wrinkled old woman, clad in the habitual headscarf and white apron, must be 70. But there she is, braving the sub-zero chill outside one of Moscow's busiest metro stations, nonchalantly selling goat's milk with the proud producer of her wares on display for good measure.

The milk has been enterprisingly decanted into a variety of used mineral water bottles, and the play of putting the goat on show is original enough to generate a healthy trade. But not add enough to raise eyebrows.

Yet this farmyard duo stands within sight of gaudy casinos, a Cadillac showroom and all-night pharmacy freely selling Viagra (no messing around with prescriptions in licentious Russia).

For Moscow's muscular sprawl and political might sit side-by-side with a peasant-like nature stubbornly dear to the Russian soul. Urban it is, but not quite urbane.

It is hard to realise that this is the same bogeyman state that dynamited churches

a KGB agent? Tahrir.

Go to Moscow with questions, and you will come back with more questions. Go with expectations, and they'll invariably be turned on their head. If I expected a city of drab monoliths, then I am pleasantly surprised to see pastel-painted Art Deco townhouses with wrought-iron balconies. If I expected a city of puritanical severity, I am surprised to see recklessness and debauchery. If this jumble of competing impressions sounds contradictory, that's because it is.

What makes the place tick? Where is that Russian soul that people are always talking about? My trip to

Moscow, like anyone's visit to that beguiling capital, is a search for that soul.

The city's very name stirs strong associations in the Russian heart – or so wrote the poet, Alexander Pushkin. As if to prove the point, there are always fresh flowers at the poet's statue, just a stone's throw from McDonald's on Pushkin Square.

A reverence for culture is part of the story. Like saints, the names of artistic giants resound across the capital: the Tchaikovsky Concert Hall, Chekhov metro station, Gogol Boulevard, the Stanislavsky Theatre.

But religion plays an even larger part. A visit to a Russian Orthodox church is an unfurling moving experience – defying the Soviet Union's 70 years of official atheism.

So a friend and I visit the Yelokhovskiy Cathedral in eastern Moscow. Entering when a service is under way – which is acceptable – I

respectfully uncover my head while my friend covers hers. We are instantly plunged into the hush of a thousand lighted candles. Countless icons glimmer in the semi-darkness. A steady murmur is punctuated only by the basso *profondo* chanting of the bearded priest in his shimmering robes.

There are no pews: the congregation, a *mélée* of older Russians, shuffles constantly from altar to altar. They cross themselves before the icons covering every bit of available wall space. They light more candles. They utter their own private prayers. They kiss

the icons: these people believe.

Hard to realise that this is the same bogeyman state that dynamited thousands of churches in its rip-it-all-up pursuit of a brave new world. Yet this is the story behind an exhibition at the resurrected Cathedral of Christ the Saviour. The gold-domed edifice on the banks of the Moskva River is not yet open to the public, but the exhibition in its vaults uses a poignant mixture of photographs, models and documents to tell its story.

First built in 1812, to commemorate victory over Napoleon, the cathedral was razed in 1935 to make way for the

never-built Palace of the Soviets. On display is a signed decree clinically ordering its "clearance". Photographs show it being stripped of its gold, its dome crashing to the ground amid the rubble.

Until the rebuilding of the cathedral in 1995-97, an open-air swimming pool occupied the site for decades after it was realised that the ground would not support the Palace of Soviets. Only models and pictures now testify to those plans for a skyscraper topped by a gargantuan statue of Lenin.

Moscow, however, affords many other glimpses of that would-be communist utopia.

At Mayakovskiy metro station, naturally named after the poet, a series of ceiling mosaics evokes the Soviet dream of a society of heroes, of plentiful harvests and of sunny skies defended by an invincible airforce.

But the *pièce de résistance* is the 1987 statue of "The Worker and the Collective Farm Girl", near VDNKh metro in northern Moscow. Standing as tall as Nelson's Column, the twin Titans of steel stride towards a bright future, clothes and hair billowing in a stylised wind, holding aloft their hammer and sickle. It is a vision of a society that never materialised.

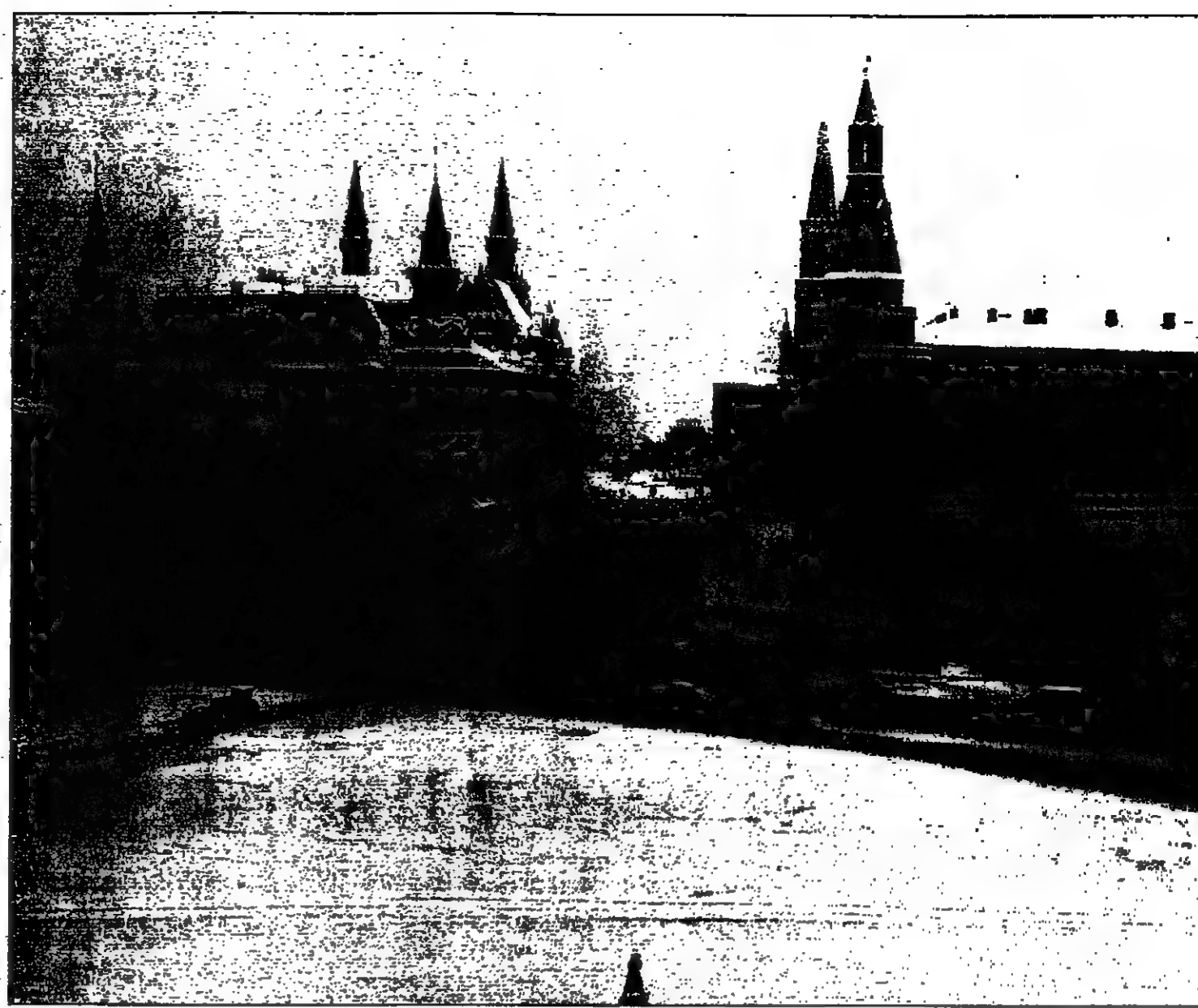
The chasm between the devout, cultural Russia and its Evil Empire alter-ego is writ large across the face it presents to visitors. Russians are warm, reckless and hospitable in private – yet surly and brusque as they above their way through the obstacles of public life. The architecture is equally schizophrenic, with forbidding Stalinist monoliths looming over ancient onion-domed churches.

On Red Square, the humbug-like turbans of St Basil's Cathedral hover behind a horizon of cobblestones. At this most familiar tourist magnet, two images spring to mind: cold war parades of

tanks and missile launchers; then the caprice, the whimsy that gave birth to the cathedral's fantasy architecture.

As Churchill said, Russia "is a riddle wrapped in a mystery inside an enigma". And that has to be one of the best reasons, still, to go.

Paul Gould travelled to Moscow for a three-night City Break with Crystal Holidays, Crystal House, Arlington Road, Surbiton, Surrey. Three nights in a 3-star hotel, including breakfast, flight and visa processing, costs from £308 to £359 in low season; from £365 high season. Four-night breaks start at £355 in low season. For reservations tel: 0181-341 5040.



Moscow under snow: where is that Russian soul that people are always talking about?

CONTRAST/Chris Cooper

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## PROPERTY



## How little the look of new homes has changed over the decades. Buyers still prefer the psychological comfort of "traditional" design and heritage materials, such as sub-Victorian polychrome brickwork or hanging tiles on the upper story.

# And they all look just the same

Differences between today's little boxes are superficial. Gerald Cadogan reports on house design

Developers are, of course, desperate to produce what the market wants.

But they face a challenge. Only slightly over a quarter (28 per cent) of the homeowning population would consider living in a new home, according to the *Kerb Appeal* survey of new home design by the Popular Housing Forum, while 30 per cent would not consider living in a newly built property. (The remaining 42 per cent of the survey were not considering moving house.)

Builders have a choice: they can either choose to ignore this indifferent or hostile 30 per cent – a significant proportion of homeowners – or try to appeal to them.

But a reading of the *Kerb Appeal* survey throws up little hope of a surge in good modern house design in a bid to appeal to a wider spectrum of buyers. Except in such invariable, but vital

matters as insulation and meeting ever tougher building regulations, the design of new homes is still stuck in what writer Osbert Lancaster called the "By-Pass Variegated" style of the 1930s and 1950s. Builders say this is what the punters want.

*Pillar to Post*, Lancaster's witty history of architecture published in 1938, starts with Egypt and runs through classical, medieval and renaissance styles to reach "Kensington Italianate" (as found in Notting Hill and Belgravia) and "Public-House Classic" in the 19th century. He is brilliant at forcing readers to look at buildings with an independent eye.

In the 20th century, one gem is "Wimbledon Transitional" – "the unattractive offspring of Art Nouveau", he writes, "with a headless variety of surface materials".

These include "the revival of half-timbering, a method of building which had been allowed to remain in a state of well-merited

neglect for nearly three centuries".

Is the picture any better now? Not much. The user-unfriendlyness of the 1930s and early 1970s tower blocks and slab concrete construction ensured an early demise for Lancaster's closing style in 1938, "Twentieth-Century Functional".

He had hoped that it would lead to "a genuine modern architecture that need fear no comparison with the great styles of the past".

New homes today are often cunningly thought out inside and work well in terms of lower fuel and maintenance bills. At the upper end of the market, they become more generous with "luxury" en-suite bathrooms and electronic gadgets.

But the initial cost to builders of buying the site usually prevents them from offering the real luxury that older houses provide – space to spread and muck about in.

New homes demand that people are tidy and disciplined. As many find that hard to achieve, here may be another reason that buyers shun new-build.

On the outside, "By-Pass Variegated" is still going strong. Tim-

**The developer's task is to balance conformity with some individuality**

bering never loses its appeal, although it has long ceased to have a structural role. As a cladding, it has become inescapable in marinas. In the brick country of south-east England, expect hanging tiles. They are functional, less, no longer shielding friable

wattle and daub from the wind and the rain.

Another decorative element is inserting bands of knapped flint among the brick courses. Both plays aim to tie the new home into the vernacular tradition. A few schemes even offer thatch. Typically, in a scheme near Huntingdon it is mixed with tiled roofs.

But the outside look of the house matters far less to buyers, *Kerb Appeal* reports, than (in ascending order of importance) the garden, number of rooms and being "in a nice area". Location, it seems, is always the top priority.

Ideally, the location should be "safe, quiet, tidy, village-like and leafy". Keeping trees on a site gives it an immediate, and comforting, aura of age. The chief aesthetic criterion for buyers is only that their house fits in with the existing houses – a typically, sadly English, requirement.

At the same time, buyers show

a healthy islanders' perverseness. They want their houses to achieve the apparently impossible of being both different and the same. It is the developer's job to find the balance between conformity and individuality by blending generally similar designs with some variety in the detailing.

Look at any new housing scheme, and you will see how strongly this features. At the end of the 20th century, By-Pass Variegated is rampant. Buyers' key words for designs they liked, says *Kerb Appeal*, are "traditional", "character" and "individual", followed by "older style" (traditional, in another guise).

Least popular are individual architects' designs, which were castigated for being "unique". "A 'unique' house was also perceived as being expensive," says the report, "as there is no other like it."

Also unpopular are "boxy" council-housing type semi, per-

haps because they remind new-home buyers (usually a family with young children) of the houses they grew up in.

This is a pity because the pre- and post-war village council houses have been a quiet glory of British architecture – until privatisation gave former tenants the chance to express their individuality and destroy the group effect of the houses.

Buyers also want their houses to be at least 15ft from the road, allowing a small front garden or room for the car if there is no garage.

Yet at the Prince of Wales' highly praised new-village scheme at Poundbury, in Dorset, front doors open straight on to the street. With its minimal division between public and private space and behaviour, this is a much more sophisticated approach to living – and a more truthful one, as it does not pretend, as so many new home schemes do, that one can live two types of life in one place, or be "different and the same".

One solution for buyers seeking a stylish modern home might be to find a plot and commission an architect to produce something of which even Osbert Lancaster might approve.

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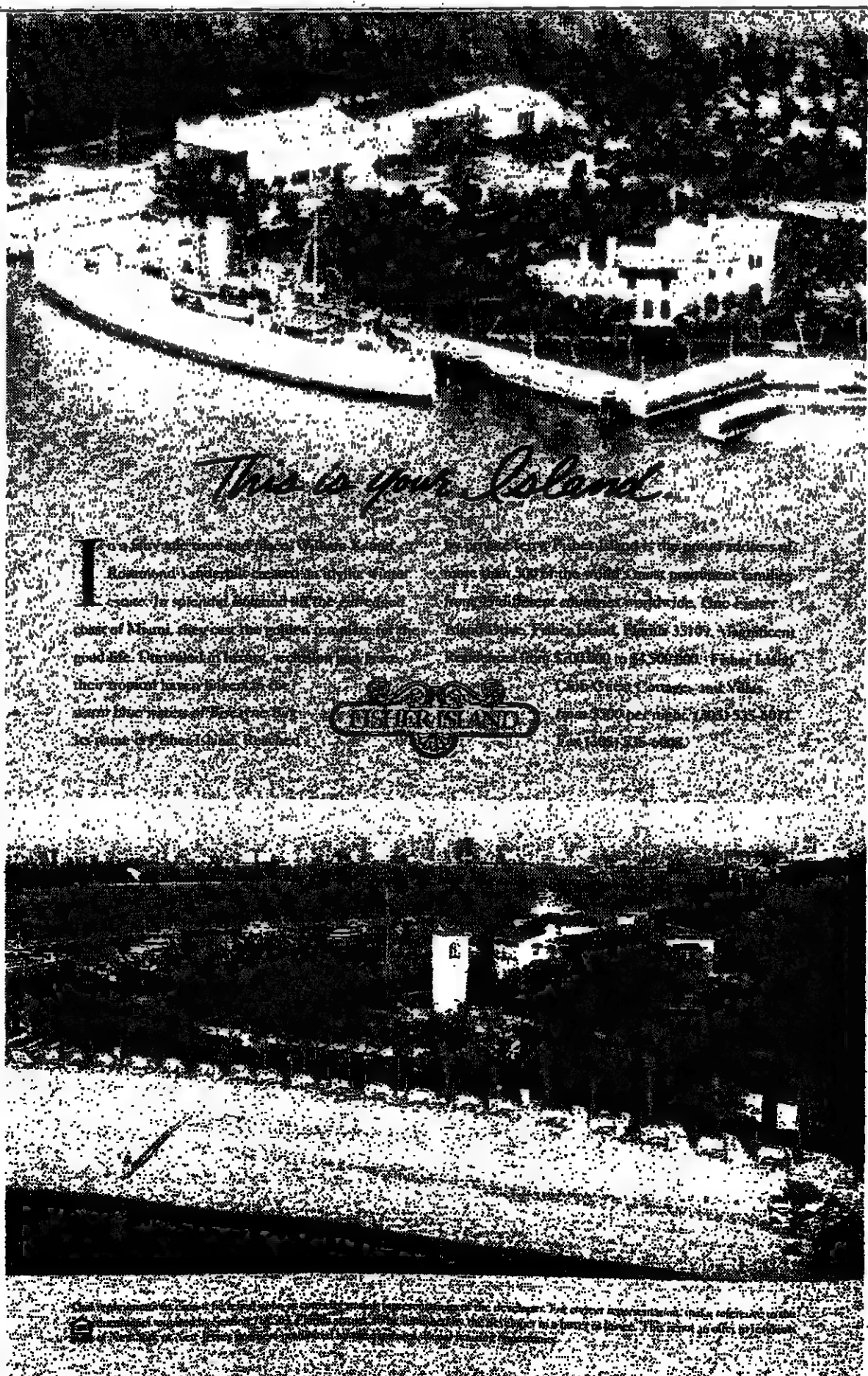
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## TRAVEL

# Fez: a maze, a monument and a marvel

With no little difficulty, Nicholas Woodsworth explores the best-preserved and most complete medieval city of the Arab world

In 1912, General Hubert Lyautey, first governor of the French protectorate of Morocco, took a startling decision - he began building a new city of Fez. In elegant contemporary French style, hard by the old city, the 1,000-year-old capital of Morocco.

It was an innovation in colonial thinking. Elsewhere Lyautey's less enlightened colleagues, preoccupied with extinguishing the political and economic dominance of old elites, had either rebuilt such cities to their own imperial liking, or razed them. Lyautey, progressive but a fervent imperialist himself, achieved the same ends by more subtle means. Moving local administration to the *Ville Nouvelle* - his new city - he transferred Morocco's political capital to Rabat on the Atlantic coast, and concentrated French economic development in the new port city of Casablanca. Fez he declared a historical monument. Eclipsed, it would never again shine as one of Islam's greatest centres of trade, learning and power.

Yet the walled medina that Lyautey chose to leave behind remains remarkable - today old Fez, home to 250,000 people, is the best-preserved and most complete medieval city of the Arab world. Now, all this seemed straightforward enough to me, at least on the printed page. Armed with guidebooks, maps and histories, I sat reading at the hole-in-the-wall Café Tuta, 100 yards inside Fez's blue-ceramic-tiled gate of Bab Bou Jeloud. I was planning a peaceful conquest of the city myself.

What more pleasing advance post could any campaign strategist ask for? With a glass of sweet mint tea in hand, with a shade-tree overhead, with the great Oum Khloum warbling sweet Arabic nothings on the café radio, I was having a hard time concentrating on my task.

Which would I visit first - the celebrated Kairouine Mosque, the shrine of Moulay Idriss, or the Bou Inania water-clock? How would I get there - via the spice market, the *caravanseraï* on the Place an-Najjarine, or the Street of the Slipper-makers?

It was hard to decide. Every time I raised my head I was distracted - by bell-ringing water-sellers and curse-slinging donkey-drivers, by vendors with discs of flat bread piled high on their heads, mysterious women gowned to the toes and veiled to the eyes, barrowmen with sticky pyramids of sweets, Moslem scholars in skullcaps and sun-



Newly dyed wool is taken to a merchant in the streets of old Fez: a city made up of 9,400 winding streets, alleys and passageways

Bruce Bessy/Magnum

glasses. I laid out my plans with the military precision of a Lyautey and followed the crowd into the depths of the medina.

There is nothing straightforward about Fez. It is said the old walled city is made up of 9,400 winding streets, alleys and passageways, and at first glance one is hardly distinguishable from the other. In less than five minutes I was lost.

Never mind the detailed directions given in the guidebooks - in the human ant-hill that is Fez, so complex are its labyrinthine twists and turns, so irresistible is the surge of its crowds, so great are its sensual assaults on eye and ear and nose, that such

instructions are pure fantasy. You could have equipped me with a compass, a sextant and slide-rule, a satellite navigation system - so strange and confusing is Fez that I still would have been utterly and hopelessly lost.

In the 1890s, a visiting Italian diplomat, Edmondo de Amicis, was perturbed by the secretive, mysterious and decrepit nature of Fez's streets. He wrote, by its long, covered passages, "dark as a cellar, where you have to feel your way". Worse still were "blind alleys, recesses, dens full of bones, dead animals, and heaps of putrid matter, the whole steeped in a melancholy twilight".

In his dismay - I am certain he got lost, too - de Amicis may have been laying it on a little thick: there are stretches of busy bazaar, illuminated by shafts of sunlight filtering down through cane matting, that are positively, theatrically cheerful.

**B**ut his state of despair must have resembled my own when I finally pitched up, willy-nilly and glassy-eyed, at the Place Saffarine an hour or two later. It was the first place I recognised from the descriptions in the guidebooks. So relieved was I that I studiously ignored the diminutive

presence that attached itself to me there. As I moved beneath ancient fig-trees, watching metalworkers hammer out vast copper cauldrons, it tagged along like a shadow. Even when I pretended not to hear over the sound of the banging, the small voice at my side persisted.

But the words - "mosque", "university", "shrine" - were tempting. All those places had debated me and my campaign was in tatters. Finally I gave in, and Rachid, 10-year-old polyglot and street-smart kid in a city where the term takes on literal significance, became my guide.

Suddenly Fez became a different place. With me following

smartly behind, Rachid would lope off down a busy lane full of tiny shops, duck into a blind alley, follow a steep zig-zag path heading upward, turn into a gate that looked like a thousand other gates. Suddenly, in a place I was least expecting it, there would be one of Fez's Middle Age curiosities - a fountain richly worked in carved stucco stalactites; an 800-year-old *medersa*, or residence for students of the Koran; a *fondouk*, an ancient hostel for merchants and their caravans; the city's vividly tinted tanner's vats, still in use, and still reeking with the best of medieval stinks.

My favourite trick of Rachid's came a couple of hours later.

when he dragged me into the back of an obscure carpet shop and up a dark staircase. I was afraid I was being led to a loom for some soft-sell marketing - everyone in Fez wants to sell you something. But instead we emerged on to a sunny terrace with the city spread around us.

For the first time I had my bearings. I could see the steep-sided valley into which the city lies folded, the high walls which completely encircle it and, on the valley rim, the stone tombs of the Merenid sultans, who brought Fez to its greatest flowering in the 13th century.

Even better, though, right below us lay two of Fez's most revered sites. To the left, rose the shrine and burial site of Moulay Idriss II. There is no indication that the 9th century ruler was especially saintly, but as the builder of Fez and son of the founder of Morocco's first royal dynasty, he has long been at the centre of a local religious cult.

To the right, lay a broad complex of green tiled roofs, the Kairouine mosque and university. When Moulay Idriss encouraged the settling of Fez by refugees from Andalusian Cordoba and Kairouan in Tunisia - two of the most cultured cities in western Islam - he laid the way for the pre-eminence. For centuries afterwards Fez was known, even by medieval Europeans, as one of the greatest seats of mathematical, philosophical and medical learning in the world. It is from his studies here that the 18th century Pope Sixtus II is said to have brought Arab mathematics to the western world.

Surely I did not need advanced mathematics to find my way around Fez, I reasoned. From up here it all looked so easy. I only had to follow the city's contours and inclines, and maybe do a little position-reckoning by the sun, and I could not go wrong. As Fez's 300 mosques all broke out at the same time into a call to prayer, I decided I might risk it on my own again. Rachid went his way and I went mine.

Of course, five minutes later, I was lost. In full, shambling retreat, I spent the rest of the afternoon in a modern café on an arrow-straight boulevard in Lyautey's *Ville Nouvelle*. I had whole quarters of the old city left to conquer. My own insistent prayer was that I would be able to find Rachid again next day.

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The rock version of "Jingle Bells" comes as something of a surprise as it echoes through the dark air inside the great cathedral. I had been expecting something a little different.

After all, this is Christmas midnight mass at Phat Diem - an event that each year draws thousands of believers from surrounding Ninh Binh province to a cathedral

known as "the Vatican of Vietnam". I want incense, Latin chants and priests in flowing robes, not a Michael Boulton sound-alike singing about a one-horse open sleigh. The journey has no

doubt clouded my judgment. From the consumer chaos of Hanoi's Old Quarter, it takes four hours - in a Jeep from which more than a few screws have clearly come loose - to reach Phat Diem

in time for the service. Signs of commercial life soon start to diminish. Roadworks have been successfully negotiated. I have resisted the temptation to spend my money on the hundreds of roadside stallholders who want to sell me everything from sticky rice wrapped in banana leaves to oil-covered tractor engines.

Now the countryside opens out. Rice farmers have transformed the flat terrain into what look like large lakes and from these great tracts of glassy water rise villages perched on tiny mounds of land that have managed to evade the rice planters' efforts.

Whatever impact free enterprise and foreign investment have made on Hanoi is little in evidence here - except perhaps in the roadside café where we stop to eat. In this spartan establishment, bowls and chopsticks are the only table companions to throw-away cigarette lighters cleverly embedded in cement-filled Coke cans (presumably to stop someone from throwing them away). Yet, grinning at us as we tuck into our noodles, is a large poster of a woman in the traditional costume of the northern hill-tribes holding a mobile phone to her ear.

Even these rather curious reminders of modern life are disappearing as we near our destination. What is laughingly termed a highway has become a road, or what I take to be a track, and in the fading evening light I catch a glimpse of my first church. Then another, and another. The place is sprinkled with Roman Catholic edifices and they are all decorated with brightly coloured paper stars and crosses. I am preparing myself for what I hope will be an experience lathered in raw, rural spirituality.

This is a province where priests must be physically fit. In an uneasy relationship between an ageing revolutionary leadership in Hanoi and the Vietnamese Catholic Church, the state controls



An ephemeria shop in Phat Diem. Crowds make their way to the cathedral there

Sarah Murray

clerical appointments and limits the number of students entering seminaries. Priests in Phat Diem pay the price. In short supply, they are forced every Sunday to cycle furiously from church to church, conducting mass after mass, to keep up with demand.

And demand is strong. In the diocese of Phat Diem, 90,000 of 145,000 inhabitants are practising Catholics and the province has 137 cathedrals.

But before I can begin counting them all, we've arrived at the most important of the lot: Phat Diem. With crowds of pilgrims swirling around its base, the extraordinary structure

rising into the now darkened sky is like no other cathedral I have ever seen before. Mixed in with the Christian iconography dominating the elaborately carved friezes of the exterior are palm fronds and bamboo forests. The apostles are perched on the sort of clouds normally reserved for Vietnamese emperors, and the Archangel Gabriel looks like a Thai dancer.

Completed in 1899, Phat Diem is a triumph of fusion architecture: a crucifix church plan combined with the decorative elements and curved roofs of an oriental pagoda. The genius behind this marriage of east and

west was Bishop Pedro Tran Luc. Known as Father Sau, he had hundreds of ironwood trees and 20-ton chunks of granite brought to the site and, without plans or drawings, directed the construction, mobilising thousands of people - over 10 years of his life - in Phat Diem's completion.

The result is astonishing. The cathedral, four auxiliary churches and two chapels - one built entirely of stone - make up the complex. Great wooden roof beams are supported by huge ironwood columns that are an ingenious blend of European Gothic and the rough pillars found in Buddhist temples.

Small wonder, then, that I

have been expecting something a little more solemn in tone from a mass conducted from within these hallowed walls.

It is certainly entertaining. The pop renditions of Christmas favourites are swiftly replaced by a choir trying desperately to keep pace with the electric organ that has been pre-recorded as an accompaniment. A brass band is next on the programme, playing what sounds - when they all manage to hit the right note at the same time - like a communist military march.

Suddenly all the lights go out and we are plunged into darkness. In the hot, sticky obscurity, I start to wonder what on earth I am doing here. I was looking for enlightenment and instead I found a party. I have been jostled by crowds of teenagers, deafened by unappealing music and shocked by the brazen kitsch of a luridly coloured statue of the Virgin doled up in flashing neon. And I am not even a Catholic.

The lights go back on. I look behind me and what I see is extraordinary. A couple of thousand faces peer fill the aisle and wings of the church while the giant door at its back have been opened to reveal an ocean of worshippers. Expressions are rapt and all eyes fix on the bishop who has arrived to conduct the mass. Thousands of mouths synchronise their movements with his low Vietnamese chanting before sounding the response.

At the end of the 75-minute service, a candlelit procession begins. A model of baby Jesus - held high on a gold and red lacquer bier that looks as if its last occupant was a Vietnamese emperor - is taken down the aisle and out of the church to its resting place in a grove.

The communicants follow. An impressive silence has descended. Candles flicker and everyone contemplates the nativity scene before them. By the time people start to drift away my mid-givings have melted. I am slayed, enraptured, won over by the exotic mystery of what must be one of Catholicism's more unusual outposts.

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## OUTDOORS

## Gardening

# Best in the world makes an outing to treasure

Returning to Longwood Gardens, Robin Lane Fox finds artistry and technical skill in a class of their own

If you want to make a dash for it, I have no hesitation in naming the best Christmas display in the world. It is on view at Longwood Gardens near Philadelphia, in Pennsylvania. The Christmas spectacular continues until the evening of January 3 and anyone with the funds and initiative would remember the outing for ever. The gardens open at 10am and the lights come on at 5pm, a postscript to a perfect day.

If you have had enough of your friends, relations and kitchen by Boxing day, I suggest you enter this other world in order to recover. You can see roses by the hundreds, orchids, great sweeps of cyclamen and more perfectly grown rarities under glass than I have seen anywhere else. The gardens are geared up for Christmas and about 150,000 visitors are expected. It is pure magic, even in the crowds.

Last January I coincided with the heavenly and of the Christmas season and was swept away by the artistry and brilliant technical skill. Now I have just had a meeting with Fred Roberts, the director of Longwood for the past 15 years. We walked through this year's display in the great glasshouses as I wanted to see if I could pinpoint his secrets. We are not talking here about the likes of Kew. The planning and planting is in a different class.

One of the secrets is clearly Roberts himself, a former Mercer Fellow at the Harvard-run Arnold Arboretum in Boston and widely competent in anything from management to construction to the temperatures needed by Brazilian plants indoors. If you and I were plants, we would love him to look after us. Calm, fair and firm, he is just the man we would trust to find us the right sort of mulch.

Another of his secrets is that he would keep our roots warm. In the many indoor beds, Longwood practises root zoning, a heating technique which Roberts helped to introduce. Plastic piping brings heat of varying intensity under the soil to plants with different needs. He explained how he could house such wonderful poinsettias among healthy tulips and drifts of a coleus with sky blue flowers. The heat at each family's roots is varied to meet their different needs, below ground not above it.

The Longwood conservatories have been consuming 150,000 gallons of heating oil a year, but underground root-zoning is scaling down the total. When you visit Longwood and wonder why the air is relatively cool, remember this little secret.

A second secret is still in its infancy. Roberts believes that a big future awaits the unexploited art of adding microbes to a plant's surrounding soil. The microbes work on the soil structure and break it down so that a plant's roots can take up food and water more easily. He traces his belief in this trick to his years of work among Christmas trees, where a foreman told him to collect "buckets of duff" from ground under trees and distribute it under each specimen. It helped them grow and he realised that this simple top dressing was importing the right microbes.

He has started to apply microbes to this spring's sweet peas which Longwood shows so well in pots. Looking ahead, he believes that gardeners in the next century will be buying packets of microbes whenever they plant anything significant and that we are standing on the edge of a new age of cultivation.

Under glass, Longwood's plant-

ing schemes are wonderfully sensitive. Public gardens are often pretty bad at shapes and colours, but Longwood takes them very seriously and maintains a special Aesthetics Committee. Years ago, the Oxford college whose gardens I oversaw tried to maintain something similar, but when the members suggested a mixture of yellow floribunda roses and Japanese maple, there was a quiet coup and the committee has not met since.

At Longwood, there are no academics on the Aesthetics panel. The season's colour planning is discussed by eight key figures, including landscape designers who are maintained for the purpose. Prolonged disagreement is rare, and the reason the glasshouse plantings are so stunningly beautiful is simply that a special group of trained professionals has been delegated to

**As for the wildlife, if it is unwelcome and it moves, they simply shoot it**

come up with the answers.

The staff are wonderfully clear about their objectives. They want to show people the best displays of flowers and plants in the world, aiming at effects which their visitors would never otherwise see. I like this clear definition, something more than yet more education, something closer to a trip on a magic carpet. Nobody could possibly excel the various Christmas trees in this year's display, which includes the ultimate giant set on a revolving base and equipped with beautifully wrapped presents as if a family were still in residence.

Everywhere there are effects which are way beyond my capacity at home. I arrived as the world's finest display of chrysanthemums was being removed, complete with the wire frames on to which tens of thousands of varieties had been ingeniously trained. The main Christmas display includes white poinsettias, a pale pink-white begonia called Turnford Hall and a sensational run of tulips called Bestones in a vibrant shade of rich red.



Indoor beds enjoy root-zoning, whereby piping brings heat underground

The Aesthetics Committee had laid down the colour for the tulips and the production directors had combed the catalogues to find the right variety. Roberts then intervened and suggested buying in the bulbs from New Zealand where they are kept on a time schedule suited to Longwood's Christmas needs. All three elements work together and the result is a sensational avenue of colour, part of a vast scheme which the highly motivated staff put into place in only three days.

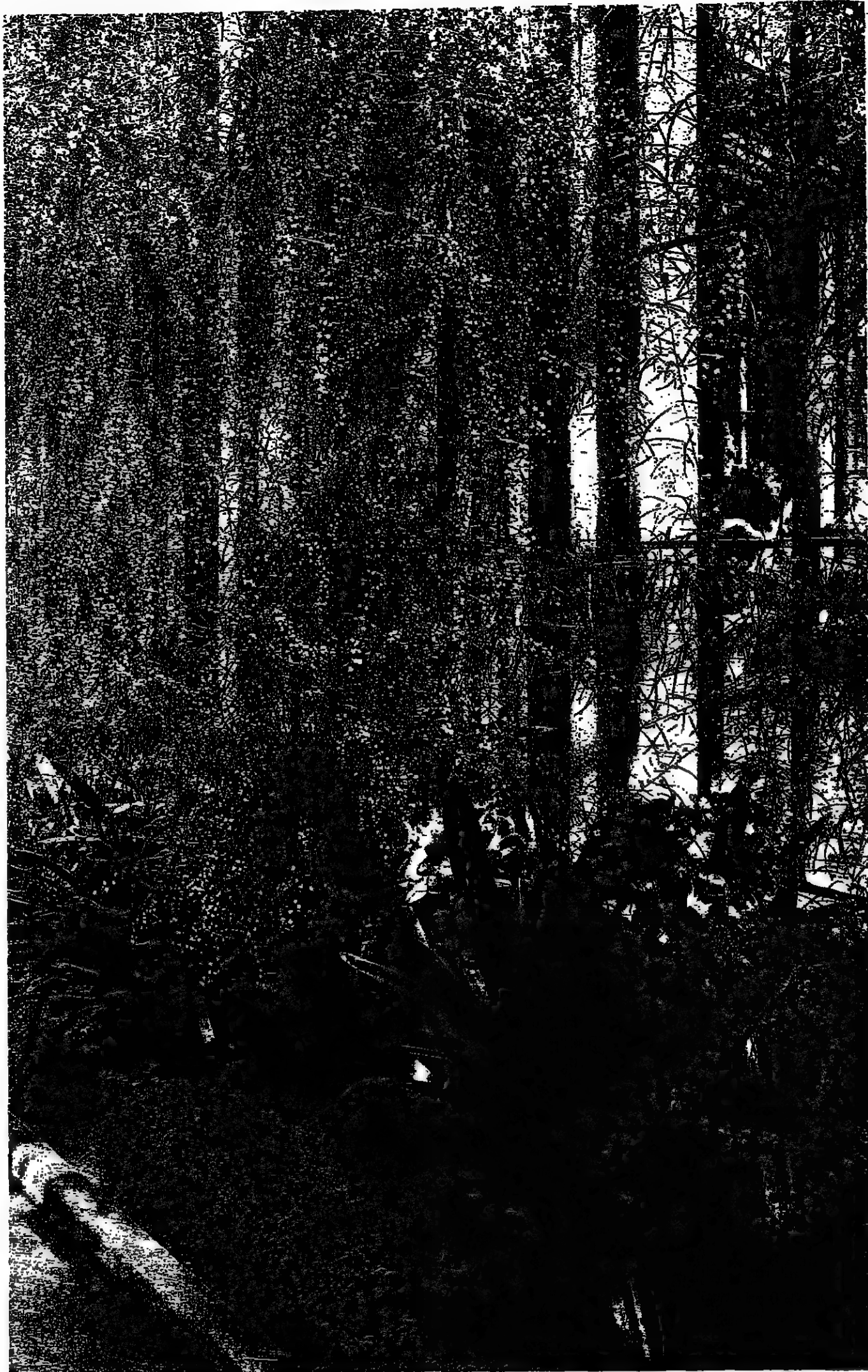
Visitors will love the silver-leaved house, the unfamiliar varieties of blue and pink-flowered plectranthus, an entire house of scented and fully completed landscape in the US by that great Brazilian genius, Roberto Burle Marx. The system of root-zone heating runs vertically up the rocks which Burle Marx placed so brilliantly, and the entire glasshouse is a triumphant match of art and science, improving with age.

Lastly, what about life's two great pests, money and wildlife? Longwood Gardens were the child of Pierre du Pont, the great industrialist and company founder earlier in this century. His endowment underpins Roberts' yearly operating budget of \$22m and a further \$5m a year for capital improvements. That sum amounts to 10 times the budget with which we in Oxford maintain a college of about 500 students, 40 academic staff and seven acres of garden, among much else.

I envy Longwood its backing, but do not begrudge a penny of it because it is used so well. It earns almost 80 per cent of the total from the 450 events hosted in the gardens each year.

Even in 1915, du Pont staged "symphonies at a garden party, in which spotlights fell on dancing figures of young girls in filmy draperies of white, below which protruded their bare feet". I suppose we could conscript the students back in Oxford...

As for the wildlife, realism rules in paradise. If it is unwelcome and it moves, they simply shoot it. The staff are licensed to kill in a clean and controlled manner. Man, as Roberts recognises, is the greatest predator and he is regularly turned on the destructive deer which would otherwise wreck Longwood's gardens.



At Longwood Gardens, Philadelphia, the Aesthetics Committee lays down colour combinations: here in January are yellow azaleas and orange olives

## Lucy's Plot

## Metamorphic magic

I love compost. No really, I adore it. Eat vegetables or put them in the kitchen compost bucket? No contest! Watching vegetables grow from soil is exciting but it's not a patch on watching soil grow from vegetables. A steaming compost heap alive with metamorphic magic can turn boring old carrots and lettuce leaves, not to mention tea bags and paper, into wonderful crumbly earth, capable of growing... well, more boring old carrots and lettuce leaves.

Feeding the compost heap can become a bit of an obsession. I have to admit to being enslaved by this garden god - eyeing up sweet peas as

they begin to fade, anticipating with pleasure the sacrificial moment when I can pull down that tower of luscious greenery and consign it to the gaping maw of the heap. Our walks are often complicated by dragging back huge armfuls of dead bracken destined to be offered to placate those hoards of bugs, worms, enzymes and mystery that lurk in the bin.

The compost temple is outside the garden behind the potting shed, and although there is a certain amount of melodramatic leakage seeping under the shed door, I gain huge satisfaction from knowing that while within the fence things are growing up, without, they are regenerating ready for the next round.



Much gardening is a process of recycling and rearrangement rather than original creation - moving this barrow load of stones from here to there, diverting that stream of water from there to here. Even planting sometimes involves replacing

native wild species of this country with those of another.

In a very satisfying way, compost completes a cycle that I used to think took 200 years in the rainforest, not four months in a home-made compost bin.

On a practical level, who takes out the compost bucket is a troublesome problem. In the end it's rather like those maddening games that you are given at Christmas. He who knocks the grapefruit half off the heaped bucket by trying to balance one more tea bag on the top pays the forfeit and puts on waffles to trudge up to the heap. Trying to get the dog to eat the carrot tops is serious cheating.

Lucy Ogilvie-Grant

## Welcome to the empty heart of France

Depopulated areas could attract tourists as a centre for bears and wolves, says David Owen

It is a land of plunging

valleys, spectacular mountain

scenery and fish-rich

rivers. But it is also a land

of mournful, underpopulated

villages, abandoned hillside

cottages and derelict factories.

Welcome to deepest Ardèche,

in France's empty heart, an area

of unexpectedly wild natural

beauty - and too few people. Outside

the summer tourist season at

least, basic services at Mont-

pezat-sous-Bauzon, the rather

dreary village in which my wife

and I recently stayed for two

weeks, are so rudimentary we

started to wonder if the point of

no return was being reached.

We have relatively simple

tastes. We do not break into a

cold sweat if the nearest supply

of *foie gras* and Sauternes is more

than a block away. But shopping

for the day, especially if you had

a recipe in mind, was a real chal-

lenge. The process consisted of a

time-consuming trawl round half

a dozen corner shops in two or

three villages to see what each

had available.

This seemed ironic in a place where *cépes*, with stems as thick as babies' limbs, were so abundant if you knew where to look, that we were nearly sick of them by the time we left; where the hedgerows abounded with tart, refreshing miniature grapes called, astonishingly, "clintons"; and where the main hazard when hiking came from tennis ball-sized sweet chestnuts exploding on the path beside you.

A nearby weekly market, of sufficient standing to be advertised on the main road, turned out to consist of a bits-and-bobs vegetable stand and a butcher's van. A second butcher's van pulled up as I was stocking up.

For a country which prides itself, often with good reason, on its planning skills, France seems to have been curiously powerless

to do anything about the depopulation of its central countryside.

A recent government report which looked at projected French population trends between 1990 and 2020 suggests little change is in prospect. "The formerly industrialised regions of the north and east and the regions experiencing the rural exodus are expected to see a reduction of their population," the document says.

The population of Ardèche is expected to rise just 8 per cent in the entire 30-year period to just over 300,000, against an increase of 12 per cent for France as a whole. This is actually not too bad; neighbouring Lozère is expected to lose more than one in 10 over the same period; Creuse, farther north, nearly one in four. Montpezat has suffered as badly as anywhere. A book left

for us by our host reported that the village had 2,857 inhabitants in 1846, but fewer than 800 in 1975. Old infrastructure in the form of graceful stone bridges and immaculately cobbled, but now deserted, country roads add to the impression of an area whose wealthiest and most influential days are behind it.

The underlying reason for this is not hard to pinpoint: the disappearance of local industry. The lane to our house wound between two derelict silk factories. We were told the village also once had a reputation as something of a knife-manufacturing centre.

I have encountered a similar blight in other parts of France. The even more spectacular valleys near Grenoble, in eastern France, where I went to report on the closure of a metal plant, were

imbued with the same atmosphere. But at least there, I felt, a reasonably dynamic city was close enough for the valleys to aspire to a new role, of sorts, playing host to commuters who wanted to keep one foot in the countryside.

It is hard to imagine the nearest big towns to Montpezat, such as the lentil town of Le Fay 90km to the north, becoming vibrant enough to play such a role. And while it is suggested that some workers, freed from the need to live near the office by the wonders of the information superhighway, may eventually transform the prospects of such rural backwaters, we saw little evidence of that happening just yet.

The area's wildlife, so clearly untroubled by the relative dearth of human company, is abundant,

however. The smaller life forms were particularly impressive. Seldom this side of Malaysia's Cameron Highlands had we encountered such gargantuan creepy-crawlies.

These ranged from praying mantises, through chocolate-brown grasshoppers which revealed underwings of powder blue when disturbed by our boots, to an enormous beetle-cum-cockroach with an abdomen of burnished gold that appeared one evening on the kitchen lintel.

The area is also teeming with deer and boar - hence the frequent bursts of distant gunfire. There are said to be eagles, too, although our most persistent reminders of the local birdlife were the screech of jays and the cackle of green woodpeckers.

If France is at a loss over what

to do with this wilderness, perhaps it should consider turning the wildest parts of central Ardèche, and maybe Lozère as well, into a national park. Some of the large mammals that have virtually or completely disappeared from France over the course of centuries could be reintroduced.

A French bear and wolf sanctuary here, to supplement the tiny populations in the Pyrenees and the Alps, could prove a considerable draw and help to extend the summer tourist season.

No doubt some would be horrified by the notion. I cannot imagine it would go down very well, for example, with the region's remaining farmers.

But agriculture appears to have declined sufficiently for it to be at least worth doing, the sums to determine the likely cost of some sort of compensation scheme.

New thinking seems to be badly needed. Or France's empty heart risks becoming emptier still.



## INTERNATIONAL ARTS GUIDE

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## ■ AMSTERDAM

**EXHIBITIONS**  
Fijksmuseum  
Tel: 31-20-673 2121  
● Adriaen de Vries (1568-1626): Imperial Sculptor. Major exhibition celebrating the work of the Dutch sculptor. Around 40 bronzes will be on display, borrowed from public and private collections in Europe and the US. Highlights include the fountain statues from the gardens at Drottningholm; to Mar 14  
● The Festival of Lithography: celebration of the 200th anniversary of the discovery of lithography. Includes works by Toulouse-Lautrec, Cézanne, Manet, and Dutch artists including Van Gogh; to Jan 10

**OPERA**  
Netherlands Opera, Het Muziektheater  
Tel: 31-20-551 8911  
The Queen of Spades: by Tchaikovsky. Conducted by Semyon Bychkov in a new staging by Lev Dodin; Dec 20, 23, 26, 29

## ■ BARCELONA

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Tel: 34-93-329 1908  
www.fundamiro.es  
Magritte: show celebrating the centenary of René Magritte's birth. Includes more than 90 paintings and 50 photographs; to Feb 7

Museu Picasso  
Tel: 34-3-319 6310  
Picasso - Engravings 1900-1942: temporary exhibition with more than 250 works from the Musée Picasso in Paris. It presents Picasso's engravings as a diary, and follows the different themes and techniques that informed his work; to Apr 4

## ■ BERLIN

**EXHIBITION**  
Hamburger Bahnhof  
Sensation: works from the Saatchi collection of Young British Artists including Damien Hirst, Rachel Whiteread and the Chapman brothers. Originated at the Royal Academy in London last year, where it attracted 550,000 visitors and maximum publicity; to Jan 17

## ■ BIRMINGHAM

**EXHIBITION**  
Birmingham Museums and Art Gallery  
Tel: 44-121-235 2834  
Sir Edward Burne-Jones: comprising more than 200 works, including tapestries and jewellery as well as paintings; to Jan 17, then travelling to Paris

## ■ BONN

**EXHIBITION**  
Kunst- und Ausstellungshalle der Bundesrepublik Deutschland  
Tel: 49-228-017 1200  
www.kah-bonn.de  
High Renaissance in the Vatican: Art and Culture at the Papal Court. (1503-34). The early 16th century saw Rome establish itself as the centre of art in Europe: the Vatican commissioned work from such great artists as Leonardo da Vinci, Michelangelo and Raphael. This exhibition displays some of the masterpieces that resulted, as well as detailing the contexts in which they were produced; to Apr 11

## ■ BOSTON

**EXHIBITION**  
Museum of Fine Arts, Boston  
Tel: 1-617-267 9300  
Monet in the 20th Century: more than 80 works painted by the artist in the last decades of his life, including the monumental waterlily paintings; to Dec 27

## ■ CHICAGO

**EXHIBITIONS**  
Art Institute of Chicago  
Tel: 1-312-443 3800  
www.artic.edu  
● Julia Margaret Cameron's Women: 80 vintage prints by the Victorian photographer; to Jan 3  
● Mary Cassatt: Modern Woman. 125 paintings, drawings and prints by the only American invited to exhibit in the Impressionist exhibitions in Paris; to Jan 10, then touring

## ■ COLOGNE

**OPERA**  
Oper der Stadt  
Tel: 49-221-221 8240  
Die Vögel: first modern staging for Walter Braunfels's opera. Premiered in 1920, it was banned by the Nazis and largely forgotten until a recent recording. This production is conducted by Bruno Weil and staged by David Mouchtar-Samorai; Dec 20, 22, 28

## ■ COPENHAGEN

**EXHIBITION**  
Louisiana Museum of Modern Art, Humlebeek  
Tel: 45-4919 0719  
www.louisiana.dk  
Joan Miró: major retrospective comprising 140 paintings, drawings and sculptures; to Jan 10

## ■ DUBLIN

**THEATRE**  
Abbey Theatre  
Tel: 353-1-878 7222  
The Rivals: by Sheridan. New production directed by Brian Brady and designed by Conor Murphy, with



'Madame X', 1884, by John Singer Sargent, one of the highlights of the Tate Gallery's retrospective, in London until Jan 17

lighting by Trevor Dawson; to Jan 23

## ■ FRANKFURT

**EXHIBITIONS**  
Schirn Kunsthalle  
Tel: 49-69-299 8820  
● Alberto Giacometti: retrospective of work by the Swiss sculptor and painter. Also featuring prints and drawings, the exhibition charts Giacometti's artistic output from his early years in 1920s Paris to his death in 1966; to Jan 3  
● Treasures from King Zhao Mo: King Zhao Mo's tomb, sealed in 122 BC, was accidentally discovered in 1983 by construction workers. This exhibition displays the many treasures buried there, the first time they have been seen in the west; to Jan 22

## ■ HAMBURG

**EXHIBITION**  
Kunststhalie  
Kandinsky, Chagall, Malevich and the Russian Avant-Garde: show tracing the art movements between the Russian revolutions of 1905 and 1918, and focusing on attempts by artists to fuse aspects of folk culture with Western modernism. Many of the 100 works on display are on loan from Russian museums; to Jan 10

## ■ HARTFORD

**EXHIBITION**  
Wadsworth Atheneum  
Pieter de Hooch (1629-1681): previously seen at Dulwich Picture Gallery, this first-ever one-man show of the Dutch painter offers a less reassessment of his work, contemporary, Vermeer, de Hooch was a pioneer in his own right, and a specialist in maternal and domestic subjects; to Feb 27

## ■ HELSINKI

**OPERA**  
Finnish National Opera  
Tel: 358-9-403 021  
Anna Bolena: by Donizetti. Conducted by Maurizio Benigni in a new staging by Jussi Tapola, with designs by Anna Kontek. The title role is sung by Rikita Hakola/Cynthia Makris; Dec 19

## ■ HOUSTON

**EXHIBITIONS**  
Museum of Fine Arts, Houston  
Tel: 1-713-639 7750

**EXHIBITION**  
Musée Cantonal des Beaux-Arts  
Tel: 41-21-312 8332  
Courbet - artist and promoter: more than 70 paintings by Gustave Courbet (1819-77), including landscapes, portraits and nudes. The show concentrates upon Courbet's output after 1855, especially that produced during his exile in Switzerland; to Feb 21

## ■ LAUSANNE

**EXHIBITION**  
Musée Cantonal des Beaux-Arts  
Tel: 41-21-312 8332  
Courbet - artist and promoter: more than 70 paintings by Gustave Courbet (1819-77), including landscapes, portraits and nudes. The show concentrates upon Courbet's output after 1855, especially that produced during his exile in Switzerland; to Feb 21

## ■ LILLE

**EXHIBITION**  
Palais des Beaux-Arts  
Goyat: un regard libre. Small-scale exhibition which explores the range and peculiarities of the painter's work. The 50 works on display include loans from around the world; to Mar 14

## ■ LISBON

**EXHIBITION**  
Fundação Arpad Szenes - Vieira da Silva  
Tel: 351-1-388 0044  
Alberto Giacometti: Arpad Szenes and Vieira da Silva met Giacometti in the 1930s, through gallery owner Jeanne Bucher. The 18 sculptures and 20 drawings on display here are loaned by the Maeght Foundation, Saint-Paul, and include such famous pieces as Femme de Venise and Homme qui marche; to Jan 31

## ■ LONDON

**CONCERT**  
Barbican Hall  
Tel: 44-171-638 8891  
www.barbican.org.uk  
Candide: the Inventing America series concludes with the London Symphony Orchestra, conducted by Kent Nagano, in a concert performance of Leonard Bernstein's 1955 musical. Cast includes Patricia Routledge; Dec 19

## ■ LONDON

**EXHIBITIONS**  
British Museum  
Tel: 44-171-638 1555  
The Golden Squire: Stamford Raffles and the East. Display bringing together biographical material with objects collected by the self-taught scholar who is chiefly remembered as the founder of Singapore. Includes musical instruments, masks and shadow puppets collected by Raffles when he was Lieutenant Governor of Java (1811-18), and plant and animal drawings; from Dec 19 to Apr 18

**Royal Academy of Arts**  
Tel: 44-171-300 8000  
● Picasso: Sculptor and Painter in Clay. This first major exhibition of Picasso's ceramics will include around 100 pieces, many of which have never before been exhibited; to Jan 1  
● The Au Bak Ling Collection: 100 Masterpieces of Imperial Chinese Ceramics, 12th to 18th Centuries. Includes works from the Song, Yuan, Ming and Qing dynasties, which together provide a remarkable overview of the finest Chinese porcelains ever made; to Dec 20

**Tate Gallery**  
Tel: 44-171-887 8000  
John Singer Sargent: large-scale retrospective containing 150 paintings, including major public and private loans. Includes late landscapes and American and British society portraits from the 1880s to the early 1900s; to Jan 17

**Victoria and Albert Museum**  
Tel: 44-171-887 8500  
● Aubrey Beardsley: more than 200 drawings, prints, posters and books created during the brief period of the artist's fame; to Jan 10  
● Grilling Gibbons and the Art of Carving: drawings, carvings and religious reliefs, displayed alongside the Cosmo panel, commissioned by Charles II and the woodcarver's masterpiece; to Jan 31

## ■ LOS ANGELES

**OPERA**  
L.A. Opera, Dorothy Chandler Pavilion  
Tel: 1-213-365 3500  
Fantasia Mr Fox: world premiere of Tobias Picker's opera, with a libretto by Donald Sturrock and designs by Gerald Scarle. Cast includes Gerald Finley and Susanna Guzmán as Mr and Mrs Fox; Dec 19, 20, 21, 22

## ■ MILAN

**OPERA**  
La Scala  
Tel: 39-02-88791  
Götterdämmerung: by Wagner. New staging directed and designed by Yannis Kokkos, and conducted by Riccardo Muti. Jane Eaglen is Brünnhilde; Dec 22, 29

## ■ MUNICH

**EXHIBITIONS**  
Haus der Kunst  
Tel: 49-89-211270  
● Lyonel Feininger (1871-1956): From Gelmeroda to Manhattan. First comprehensive retrospective of the German-American painter, who was forced to leave Germany during the 1930s and subsequently worked in New York. The 120 works on display include important public and private loans, and paintings by some of Feininger's contemporaries; to Jan 24  
● The Night: exploring the development of the nocturne, or night

time scene, in western art from the 15th to the 20th century. Includes early examples by artists including Cranach, baroque works by Caravaggio and his followers, and works by the German romantics. Other artists represented include Goya, Munch, Max Ernst and Magritte; to Feb 7

## ■ NEW YORK

**EXHIBITIONS**  
Brooklyn Museum of Art  
Tel: 1-718-638 5000  
Royal Persian Paintings: the Qajar epoch 1785-1925. Display of life-sized portrait paintings, manuscript illumination and decorative arts which were the specialties of this previously overlooked period of Iranian art history; to Jan 24

**Guggenheim Museum**  
Tel: 1-212-423 3500  
www.guggenheim.org  
1989, Rendezvous: in their holdings of artworks from 1900 to 1945, the Guggenheim and the Centre Georges Pompidou are remarkably similar, with one often owning a preliminary study for a painting in the collection of the other. The closure of the French museum for renovation has created the unique opportunity for this exhibition, which brings together related works by the same artist, or works by different artists on the same theme; to Jan 24

**Metropolitan Museum of Art**  
Tel: 1-212-879 5500  
www.metmuseum.org

● Clay into Art: Selections from the Contemporary Ceramics Collection. 61 pieces from the museum's collection, demonstrating the breadth of style characteristic of post-war ceramics; to May 30  
● Degas Photographs: bringing together 35-40 photographs, most of which were made in the 1890s; to Jan 3  
● From Van Eyck to Brueghel: Early Netherlandish Paintings. Almost 100 paintings from the collection, exhibited together for the first time; to Jan 3  
● Heroic Armour of the Italian Renaissance: Filippo Negroli and His Contemporaries. Comprehensive survey of the classically inspired armour made by the most celebrated Italian armourer of the 16th century; to Jan 17  
● Louis Comfort Tiffany: celebrating the 150th anniversary of the artist's birth, this exhibition, drawn from the museum's collection, includes leaded-glass windows and lamps, vases, furniture, enamels and jewellery; to Jan 1  
● Mary Cassatt: Drawings and Prints. Coinciding with a major retrospective at the Art Institute of Chicago, the Metropolitan Museum has organised an exhibition of most of its extensive collection of Cassatt's work; to Jan 24  
● Sacred Visions: Early Paintings from Central Tibet. 80 works from the 11th to the mid-15th century, including thangka (paintings on cloth), painted book covers and related sculptures; to Jan 17  
● The Nature of Islamic Ornament. Part II: Vegetal Patterns. Second in a four-part series on Islamic ornament from the 8th to the 18th century. Includes rare brocades and carpets; to Jan 10

**Museum of Modern Art**  
Tel: 1-212-708 9480  
www.moma.org  
Jackson Pollock: first US retrospective of the Abstract Expressionist since that held at MOMA in 1967. Including more than 100 paintings and 50 works on paper, the show promises to be a highlight of the New York art calendar; to Feb 2, then transferring to London

**OPERA**  
Metropolitan Opera, Lincoln Center  
Tel: 1-212-362 6000  
www.metopera.org  
● Die Fledermaus: by J. Strauss. Revival conducted by Patrick Summers. Cast includes Carol Vaness, Jochea Kowalek and Bo Skovhus; Dec 24, 28, 31  
● Die Zauberflöte: by Mozart. Laura Aldin, Matthias Goerne and Franz-Josef Selig make their Met debuts in John Cox's production. Charles Mackerras conducts; Dec 19

## ■ OTTAWA

**EXHIBITION**  
National Gallery of Canada  
Tel: 1-613-990 1985  
Songs on Stone: James McNeill Whistler and the Art of Lithography. Previously seen in Chicago, around 200 works by the American expatriate, including drawings, etchings and paintings; to Jan 3

## ■ PARIS

**EXHIBITIONS**  
Grand Palais  
Tel: 33-1-4413 1730  
● Gustave Moreau: more than 140 works by the Symbolist painter, held in high esteem by his literary contemporaries. Includes studies and drawings as well as oils, many of them depictions of historical and mythical subjects; to Jan 4  
● Lorenzo Lotto: Rediscovered Master of the Renaissance. 50 paintings, many of them on loan from churches and museums in Italy. The exhibition will have been seen in Washington and Bergamo; to Jan 11

**Musée d'Orsay**  
Tel: 33-1-4049 4814  
www.musee-orsay.fr  
● Millet/Van Gogh: display of 85 works brought together to demonstrate the influence of Millet on the work of Van Gogh. These include paintings, drawings and pastels by both artists, many of them on loan from the Van Gogh Museum in Amsterdam; to Jan 3  
● Stéphane Mallarmé (1842-1898): retrospective exploring the work of the French Symbolist poet, and his influential relationships with his literary and artistic contemporaries; to Jan 3

**Musée du Louvre**  
Tel: 33-1-4020 5151  
www.louvre.fr

Portraits from Roman Egypt: touring exhibition of mummy portraits, originated at the British Museum. Painted on wooden panels, linen shrouds and plaster masks, they were created during the first three centuries of Roman rule in Egypt; to Jan 4

## ■ PHILADELPHIA

**EXHIBITION**  
Philadelphia Museum of Art  
Tel: 1-215-763 8100  
www.philamuseum.org  
Delacroix: The Late Work. Organised to celebrate the 200th anniversary of the artist's birth, this exhibition, first seen in Paris, includes 70 paintings and 40 works on paper from private and public collections around the world; to Jan 3

## ■ PRAGUE

**DANCE**  
National Theatre of Prague  
Tel: 420-2-2108 0131  
www.nat.cz/nd  
The Nutcracker: by Tchaikovsky. In a staging by Russian choreographer Yuri Grigorovich, with sets and costumes by Simon Vrsaladze; Dec 20, 27, 28

**THEATRE**  
National Theatre of Prague  
Tel: 420-2-2108 0131  
www.nat.cz/nd  
The Servant of Two Masters: by Carlo Goldoni. Directed by Ivan Rajmont; Dec 31

## ■ PROVIDENCE

**EXHIBITION**  
The RISD Museum  
Gifts of the Nile: Ancient Egyptian Faience. Display of ceramics, known as faience, a mixture worked by the Egyptians and regarded by them as magical. Brings together over 200 works, including public and private loans from Europe and the US; to Jan 3

## ■ ROME

**EXHIBITIONS**  
Palazzo delle Esposizioni  
Tel: 39-06-474 5903  
Valori Plastici: taking its title from that of a short-lived magazine published by Roman art dealer Mario Broglio, who managed such names as De Chirico, this show includes sculpture and paintings, mainly by Italian artists, but also including little-known works by Picasso, Klee and Grosz; to Jan 18

**Palazzo Ruspoli**  
Tel: 39-6-6830 7344  
www.palazzoruspoli.it  
The Denis Mahon Collection: last stop for the touring exhibition of more than 80 Italian baroque paintings collected by Denis Mahon. Includes works by Guercino; to Jan 15

## ■ ROTTERDAM

**EXHIBITION**  
Kunsthall  
Tel: 31-10-440 0300  
Up to the bare bones: Human remains in museums. An estimated hundred thousand human beings find their last resting place in Dutch museums; whether in the form of mummies, skulls, skeletons, reliquaries or otherwise. This exhibition is the first to address this phenomenon directly, presenting exhibits from medical, sacral, ethnographical and archaeological collections; to Jan 10

## ■ VIENNA

**OPERA**  
Staatsoper  
Tel: 43-1-51444 2880  
● Aida: by Verdi. Conducted by Vitti, with a cast including Olga Borodina and Maria Guleghina; Dec 20  
● Ernani: by Verdi. Conducted by Seij Ozawa in a new staging by Graham Vick; Dec 22, 26, 30  
● Le Prophète: by Meyerbeer. Conducted by Vitti; Dec 19  
● Mefistofele: by Boito. Conducted by Fabio Luisi. Cast includes Franco Farina, Michele Cridar, and Kurt Rydl in the title role; Dec 21, 25, 27

## ■ WASHINGTON

**EXHIBITIONS**  
National Gallery of Art  
Tel: 1-202-737 4215  
www.nga.gov  
● Bernini's Rome: Italian Baroque Terracottas from the State Hermitage Museum, St. Petersburg; to Jan 18  
● Van Gogh's Van Goghs: 70 paintings loaned by the Van Gogh Museum in Amsterdam. Includes such icons as The Potato Eaters (1885) and Wheatfield with Crows (1890); to Jan 3

**Phillips Collection**  
Tel: 1-202-387 2151  
Impressionists in Winter: Effets de Neige. Inspired by Sisley's Snow at Louveciennes, this display includes 62 works from 44 collections. Artists represented include Monet, Pissarro, Caillebotte, Gauguin and Renoir; to Jan 3

**OPERA**  
Washington Opera, Kennedy Center  
Tel: 1-202-295 2400  
www.dc-opera.org  
Die Entführung aus dem Serail: by Mozart. L.A. Opera production by Michael Hampel, conducted here by Heinz Fricke with a cast including Mary Dunleavy as Konstanze; Eisenhower Theater; Dec 26, 29, 31

## ■ ZURICH

**EXHIBITION**  
Kunsthaus Zürich  
Tel: 41-1-251 6765  
Max Beckmann and Paris: more than 100 masterpieces of modern art from public and private collections around the world; to Jan 3

**Arts Guide by Susanna Rustin**  
e-mail: susanna.rustin@ft.com  
Additional listings supplied by ArtBase, tel: 31-20-664 6441  
e-mail: artbase@pl.net











## ET WEEKEND

## True Fiction

## A stream of elemental emotions

Tim Griggs is having problems - with his house, his health, his marriage, and his advisers

There is a stream flowing beneath my house, and the vibrations of the water are causing my body to resonate in sympathy when I sleep. That's what gives me asthma and a stiff back.

My natural health practitioner divined this. I should have guessed it all along.

But hang on. There is no stream flowing under my house. "Ah," said the natural health practitioner, "it could be having this effect from as much as eight down. You wouldn't even know it was there."

I was fascinated by the confidence of this explanation. At a stroke it resolved so many questions concerning the minor aches and pains which plague me. They have nothing to do with age, lack of exercise, or eating and drinking to excess. What a relief.

I was so excited by the neatness of the diagnosis that I had to test it for myself. So I bought a pick-axe, a shovel, and a helmet with a torch on it.

My wife's comments as I ripped up the bedroom floor were uncharacteristically terse. And if I had listened to her I would have saved myself the trouble of discovering that below our bedroom lay the dining room.

And so to the dining room floor. At first, things didn't look promising. At 6ft down, I found only the buried frame of a 1932 Norton 350. At 20ft, a collection of rather ugly Victorian firebricks. At 35ft, I came upon a bronze Roman statuette of Minerva.

But before I could properly excavate the Viking longship which lay below - there it was, glistening in my headlamp! A

distinctly soggy stratum of clay which clearly marked the course of the long-sought underground stream - and a good 10ft nearer the surface than predicted.

I was overjoyed, although I can't pretend it was sunshine all the way. In fact, there will be very little sunshine at all for our neighbours, whose house is now in the shadow of a Matterhorn of slurry. They are at present away in Majorca and I must at least try to find their cat by the time they return, though I admit I'm not hopeful.

We have all had to make sacrifices: shifting 191 cubic metres of earth and rubble has done little to improve my back. And the gas I encountered below

30ft has triggered my asthma again.

A bearded mineralogist from Wales - a very close friend of my wife's - happened to be visiting and, in a loud and excited tone of voice, called it firedamp. From the bottom of my hole, I could hear scurrying up above and when I emerged they had both gone. Presumably on another of their trips.

A package arrived from them yesterday, postmarked Llandudno. It contained a posh cigar and a fancy lighter. It was very sweet of them but I was surprised my wife had forgotten I gave up smoking in my last effort to cure the asthma.

Still, I had proved my point -

or rather my naturopath's point. Now I had to make good use of this information. After all, I still had a bad back, asthma, and now a sizeable hole beneath my bedroom floor. And I still had the stream under the house.

How about moving the bed? It would need moving anyway, if I wasn't to plunge 45ft down on to the soggy timbers of a Viking longship when I next turned over in my sleep.

I took this idea to my healer. "Good thinking," she said. "But underground streams move around a lot, too, so it might not work. Besides, you might infringe the global electromagnetic grid, if you are not doing so already."

"Sleeping over the intersections of these lines of energy running east-west and north-south - they've been photographed from space, you know - will weaken the immune system and make you therapy-resistant."

So I should move the bed away from the malevolent subterranean watercourse, but take care not to park it over a grid junction - and they are only about 7ft apart, my healer tells me.

The bed also has to be aligned north-south; it's got to be away from electrical junction boxes; and not be near large mirrors.

"Perhaps we should look for

another solution," said the therapist. "Be positive. I have potions which can help." So I handed over £100 for four little brown bottles.

On top of all that, she's given me some rather radical advice - less convincing than the transparent common sense of her earlier instructions, but probably worth a try.

She said I should keep the house free of dust, avoid too many dairy and wheat products and alcohol and tobacco, do not sit in front of the computer for hours at a time, eat properly, take a little exercise and a little relaxation, and do some gentle back-stretching.

Well, if I have to go in for all that nonsense, I suppose one last cigar wouldn't hurt.

## True Fiction - the book

Available now from bookshops. True Fiction is published by Penguin, contains 50 short stories and costs £7.99. It's a lot of laughs - and that's the truth.

## Metropolis

## Why can't the present be just like the past?

Damascus has a rich civilisation but is unable to get to grips with modern ideas, says Roula Khalaf

Behind the Umayyad mosque in Damascus' old city, the young Damascenes sit in a cafe drinking tea and listening to Abu Shadi, the *hakawati*. Perched on a chair placed over a table, he tells the epic story of a 13th century Mamluk Sultan who fought the crusaders and accumulated victories in battle. Abu Shadi draws a sword and strikes it on the ground to portray the sultan's anger.

Story-telling spread during the Mamluk rule as a popular form of educational culture, and was promoted in Ottoman times to occupy a potentially hostile population. Weakened by the invasion of radio and television, it disappeared from Damascus in 1970.

But the Damascenes have been eager to bring it back. So a few years ago, Abu Shadi abandoned his grocery business to take up the hobby full-time.

It is fitting for the Damascenes to have gone back to listening to his stories. A city lost between the past and the future, Damascus is all too happy to hold on to tradition and hesitant to embrace anything that

## A big night out means going into the old city to smoke a waterpipe

seems to upset its reclusive existence.

The weight of a rich civilisation and a proud past give the Damascenes a sense of security. Claiming to be the oldest city in the world, Damascus was the capital of the first Islamic empire. It is said that the prophet Mohammed, arriving at the gates of Damascus, refused to go in; he could not enter

has occupied Syria's Golan Heights since 1967, and is unable to focus its energies on anything else.

While neighbouring Beirut buzzes with excitement, Damascus has the feel of a small town, where a big night out means going to a cafe at the Sheraton hotel or in the old city to smoke a waterpipe.

While Egypt, Lebanon and Jordan became part of an "emerging" market-oriented Middle East, Syria clings on to a mostly command economy which produces figures and rosy forecasts that seem out of touch with reality. Damascus' location, at a crossroads between Asia, Africa and Europe, historically had made it the centre of caravan trade.

But the city has piled up trade barriers and a jungle of laws and regulations which stifle the most enthusiastic entrepreneur. The banks are so dysfunctional that obtaining a loan is an unusual luxury, reserved for those who already have money.

Piercely nationalistic, Damascus refuses to believe it might be missing out on advances that the rest of the world now takes for granted. There are only 150 mobile



telephones in the city, serving the small coterie of regime officials and favourites. Everyone else, it is said, will have to wait until the government can afford an efficient network.

A similar number of privileged people and government institutions are allowed to hook up to the local internet server. Others connect through Lebanon, turning the internet into an expensive luxury which can

only be afforded by the elite. Satellite dishes dot the roofs of many houses, but officially they remain banned. Like many other laws in Damascus, they are there to be broken. Many suspect, however, that the law can suddenly be invoked to demonstrate that an unfortunate has fallen out of favour.

In a country where the media is controlled by the government, and newspapers merely echo official

views, Damascus intellectuals survive in a "word of mouth" culture and move in small informal networks. They have no chance of constituting an organised opposition but can help to inform public opinion.

That Damascus remains in a state of war with Israel colours much of its behaviour, and, to many, justifies a cautious approach to the future. But the stalemate in the peace process seems also

to have frozen attempts at even modest progress, as the regime focuses on building an Arab front to counter Israel.

If the Damascenes cannot tell you where they are heading, it is mainly because their future is so closely tied to the vision and the fate of one man. For nearly 30 years, Damascus has been so overshadowed by the reign of Hafez al-Assad, its president, that no one dares plan

for a post-Assad period. "Any discussion of the future is dangerous," explains a historian. "The Damascenes have not been able to build institutions that would transcend the transition."

There are, however, forces that even Damascus cannot resist. Salim Nassan, whose family history spans that of modern Syria, can testify to this. He lives in a palace in the Christian quarters of the old city and his family is known to have been among the first to start making Syria's famed brocade silks.

He loves to tell stories of his grandfather, whom he claims was the first to make Syrian "mosaics", the wooden objects such as backgammon tables and furniture designed with different kinds and colours of wood and mother-of-pearl. Nassan would have liked nothing better than quietly to keep living off the old family business. But as more tourists discovered Syria, the old city was invaded with cheaper, lower quality mosaics.

Refusing to compromise his standards and needing to maintain his status in the community and create jobs for the neighbourhood, he decided to go into tourism and is turning five houses near his palace into a hotel.

The Zitona restaurant he leased a year ago is set in a traditional Damascus house with a fountain in the centre and arched painted doors. Its enchanting mood is only upset by the 1980s pop music sung by a Syrian with an Italian accent. But the pub in the upstairs balcony is closed because there are not enough customers, and a busy night means being able to fill just a few tables.

But he is not discouraged. "We didn't move forward for a long time, but now things are changing," he says. "We see what is happening elsewhere, and we ask why not us?"

## Arcadia

## Valleys with no silver lining

The drugs trade has brought a reign of terror to a Mexican mining town, as Leslie Crawford discovers

What remains of the Gothic palace, now in ruins, emerges like an apparition at a bend of the Batopilas River, deep in the heart of Mexico's Sierra Madre.

Its stone foundations have been strangled by fig trees; bougainvilleas have scaled its towers. Cattle graze in the hanging gardens and in the deserted courtyard.

To encounter such a palace in the wilderness of the sierra is as improbable and unexpected as the career of the man who built it. Alexander Shepherd, the last governor of Washington DC, was wounded out of office in 1876 and driven into exile. In Mexico, he became the Sierra Madre's undisputed silver king.

In the early 1870s, the capital of the US was still a swamp, infested with open sewers and traversed by dirt avenues which became quagmires after heavy rains. Shepherd, an ambitious politician and skilled engineer, embarked on a massive public works programme after winning the governorship. He paved 150 miles of roads, channelled 120 miles of sewers and planted 60,000 trees, but in order to do so, he raised taxes and drove the city deep into debt.

Taxpayers rebelled. A congressional inquiry accused the governor of cronyism and profligacy, and Shepherd was stripped of his powers. Alone, bankrupted and bit-

ter, Shepherd turned his back on the country which had forsaken him. He had heard of mines in the Sierra Madre, around the village of Batopilas, which yielded silver so pure it was known as *nevada* (snow). After exploring the region, he wrote to his wife: "I believe the prospects for our fortune are better here than elsewhere... the wealth and endurance of the mines are magnificent."

A century before, Don Rafael Alonso de Pastrana, a Spanish adventurer, had struck the richest of the Sierra Madre's silver veins. To celebrate, he invited the local bishop to Batopilas. Don Rafael paved the street which led from the church to his hacienda in solid silver ingots. When the bishop arrived, he was so horrified by the Spaniard's ostentation that he turned back. Don Rafael died shortly after, killed in one of the periodic uprisings of Tarahumara Indians who had been enslaved to work in his mines.

Batopilas was little more than a ghost town by the time Shepherd arrived with his wife, seven children, and the families of his managers and mining engineers. The 200-mile journey into the canyon took seven days on horseback. Even today, the road to Batopilas is not for the faint-hearted. A switch-back trail, hardly wide enough for an ox-cart, remains the only link between the mining settle-

ment and civilisation. The trail is treacherous and prone to disappear under landslides. Before the sun enters the canyon, low clouds hide the depths of the ravine, 6,000ft below.

Shepherd went to work with the same vigour that had fired him in Washington. In 1880, he founded the Consolidated Batopilas Silver Mining Company with the backing of New York financiers, and built as many as 20 miles of tunnels to extract the silver ore. Shepherd dammed the river and built a power plant for his metal smelter. Batopilas became the second town in Mexico, after the capital, Mexico City, to enjoy the novelty of electricity.

He built an aqueduct to bring fresh water to the town, a hospital for his workers, and a solid stone bridge across the emerald green river, which still stands today. His friendship with Porfirio Diaz, Mexico's dictator, allowed Shepherd to issue his own scrip. He was known locally as *El Gran Porfirio*, the big boss.

Shepherd transformed Rafael's abandoned hacienda into the Victorian palace of his dreams. When his wife longed for her piano, 24 Tarahumara Indians carried it on their backs for 30 days from the nearest railway station at Creel.

"We lack for nothing," Mrs Shepherd told a visiting reporter from the Washington Post. "We receive the news from Mexico City and

the latest fashion magazines from Paris and Madrid."

Guests were taken on excursions to the nearby ruins of a 17th century Jesuit mission and entertained by opera singers. The Jesuits, who brought smallpox as well as their God, had failed to convert the Tarahumaras to Christianity. The Indians believed the disease was spread by the ringing of church bells, and fled into the canyons of the sierra.

## The Indians believed smallpox was spread by the ringing of church bells

Shepherd ignored the misfortunes that had befallen his predecessors, whether in their quest for Indian souls or slave labour. Between 1880 and 1892, the Consolidated Batopilas Silver Mining Company extracted 15.5 million ounces of silver - a fortune in its time.

Shepherd never returned to live in the US. In 1902, at the age of 67, he died suddenly in his palace of a ruptured appendix. His son Grant tried to keep the mines going, but the 1910-17 Mexican revolution disrupted production. Pancho Villa's mercenaries raided the company and stole

\$38,000 worth of silver. By 1925, all production had ceased. The palace was abandoned, Batopilas forgotten.

A few years ago, foreign interlopers again descended into the sierra carrying a treasure more precious than silver. They brought the seeds of cannabis and the opium poppy, and persuaded the Tarahumaras to grow the illicit crops in small glades, concealed from prying eyes in the forbidding ravines of the Batopilas canyon.

In the sheltered valleys of the sierra, the poppies are "milked" three times a year. One hectare of poppies will yield 10kg of opium gum, which in turn produces about 1kg of the crude "black tar" Mexican heroin now flooding the US.

Thanks to the drug trade, Batopilas is basking in riches that would have been beyond Shepherd's wildest dreams. New pick-up trucks line the town's cobbled streets, old adobe dwellings are being torn down to make way for modern homes, while dollars change hands as frequently as pesos. In September, when the marijuana harvest is in, drug traffickers descend into the canyon and pay for the crop with maize, cash and cocaine.

For the Tarahumaras, growing illicit drugs is a matter of simple arithmetic. By setting aside less than a quarter of an acre of land for cannabis and poppies, they can earn more than \$1,000 -

enough to pay for a whole year of domestic supplies for a family.

In the US, 1kg of Mexican heroin will fetch up to \$175,000. US estimates place the area under cultivation with opium poppies in the Sierra Madre at 12,000 hectares, but the figure can only be a wild guess. Aerial reconnaissance is dangerous in the narrow canyons of the sierra, while vast tracts of the mountain range have been turned into no-go areas by the drugs trade, the proliferation of arms in the area, and a terrain which makes it easy for an army or police patrol to be ambushed.

The drugs trade has triggered a level of violence in the sierra unseen since the days of the Mexican revolution. Land disputes, army raids, the theft of crops and the invasion of Mexico's powerful drug cartels have brought a new reign of terror to the canyon, transforming opium's standing.

In the town square, shaded by giant mango trees, an old Tarahumara watches silently as opium dealers wait for the delivery of the morning's crop. "Drugs have stolen our people's souls," he says, "like silver in the past."

Only this time, he is not certain there will be a reprieve.

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